



Daily Report

East Asia

**FBIS-EAS-95-244
Wednesday
20 December 1995**

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'Growth Triangle' Meeting Opens in Thailand

*BK1912125195 Bangkok Radio Thailand Network
in English 0000 GMT 19 Dec 95*

[*"News in Perspective" feature*]

[FBIS Transcribed Text] Business leaders, senior officials, and ministers from three ASEAN countries — Indonesia, Malaysia, and Thailand are gathering in southern Thailand for a Growth Triangle meeting scheduled from 19 to 22 December 1995. The Indonesia-Malaysia-Thailand Growth Triangle, or known as IMTGT, is a subregional economic grouping aimed at developing business opportunities among the three countries.

The ongoing tripartite meeting takes place at the Genting Hotel and Marina Hotel in Sungai Kolok of Narathiwat Province. It starts with IMTGT business council, followed by IMTGT senior officials' meeting, and capped by IMTGT ministerial meeting. Leading the Indonesian delegation to the meeting is Coordinating Minister for Production and Distribution Hartarto. The Malaysian delegation is led by minister coordinating the Triangle Project from Malaysia Tun Daim Zainuddin. The Thai delegation is headed by Deputy Prime Minister Amnuai Wirawan. The Growth Triangle Tripartite Meeting, the fifth of its kind, is attended by 500 participants.

The Growth Triangle Project was originally proposed by Malaysian Prime Minister Dr. Mahathir Mohamad to former Thai Prime Minister Chuan Likphai, a southerner, who paid a visit to Malaysia in January 1993. The then Thai prime minister agreed to the proposal and took up the idea for talks with Indonesian President Suharto who also agreed to the proposal.

The Growth Triangle project covers 230,000 square kilometers in North Sumatra, a special territory of

Asia in Indonesia, the northern Malaysian States of Kedah, Perak, Penang, and Perlis, and Thailand's five southern border provinces, namely Yala, Pattani, Satun, Narathiwat, and Songkhla. These areas, with a total population of 21 million, are rich in natural resources and have great potential to develop strong trade links with the outside world.

The three countries involved in the Growth Triangle project agreed to cooperate in such areas as trade and investment, tourism, energy, infrastructure networks, transportation, and the service sector. The Manila-based Asian Development Bank has supported a feasibility study of the project. A total of 97 work plans have so far been incorporated into the project involving an investment of 500,000 million baht or 20,000 million U.S. dollars over the next 10 years. Much progress has been achieved since inception of the project. The three countries agreed to grant long-term visas for tourists travelling to the three countries. Thailand and Malaysia agreed to open their border checkpoints around the clock to facilitate cross-border trade and tourism. Thailand in particular is accelerating the construction of the Songkhla deep sea port as a development of the Pattani sea port to cope with the growing trade and investment as a result of the Growth Triangle project. The private sector is set to play a vital role in the scheme.

The on-going Growth Triangle tripartite meeting will discuss the progress of the subregional economic cooperation development. The three countries will also decide whether an investment fund will be set up for infrastructure development under the Growth Triangle project. This marks a new step of cooperation among Indonesia, Malaysia, and Thailand.

Japan**Tokyo, U.S. Agree To Reduce Okinawa Bases***OW1912150495 Tokyo KYODO in English
1451 GMT 19 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — Japan and the United States agreed Tuesday [19 December] on a 10-point package plan for a 2 percent reduction in the area occupied by U.S. military bases in Japan's southernmost prefecture of Okinawa.

The package will be formally adopted Thursday by a joint committee which oversees the Status of Forces Agreement under which the U.S. operates its bases in Japan, government officials said.

Details of the package had remained unresolved since the same joint committee agreed in 1990 to confirm efforts to attain the return to Japan of some bases.

But in November, defense chiefs from both countries agreed to reach a solution within a year.

While certain conditions are attached, the package confirms the return of land housing 10 separate facilities at eight bases, the officials said.

The total area of land involved is no more than 2 percent of all the land currently occupied by U.S. bases in Okinawa.

Okinawa accounts for just 0.6 percent of Japan's land area but hosts about 75 percent of land space occupied by U.S. military facilities in Japan.

Some 30,000 U.S. troops out of 47,000 in Japan are stationed in Okinawa with the bases taking up about 20 percent of the island.

Under the agreement, part of the Torii Communication Station, part of Camp Kuwae, and all of the Deputy Division Engineer Office will revert to Okinawa after the removal of the facilities.

Elsewhere, subject to certain terms attached to the shifting of the facilities, the return of part of the Putemma Air Base, a golf course at Camp Zukeran, and part of the Kadena Ammunition Depot area will be confirmed by March next year.

The return of the Chibana site will be confirmed late next year, also subject to certain conditions.

Part of Camp Hansen, the Kadena Depot area, and another part of Camp Kuwae are expected to be returned once a plan is devised for their future use, but whether to specify the time of their return is still under discussion.

Pressure has mounted in Okinawa for the return of U.S. bases following public outrage over a rape in September

of a local schoolgirl, for which three U.S. servicemen are on trial.

Nosaka Hails Li Peng's Remarks on Test Ban*OW2012072495 Tokyo KYODO in English
0602 GMT 20 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 20 KYODO — Japan on Wednesday [20 December] applauded Chinese Premier Li Peng's statement Tuesday that his country will stop nuclear testing after a comprehensive nuclear test ban treaty is concluded.

"It is one step toward progress," Chief Cabinet Secretary Koken Nosaka told reporters. He said Li's statement was a result of Japan's call to halt nuclear testing.

In talks with Japanese Foreign Minister Yohei Kono, Li said China was actively negotiating to reach an agreement on a comprehensive nuclear test ban treaty. Dependent upon the agreement, China should cease nuclear testing "within a year," Li said.

ROK Spokesman on Ozawa's 'Erroneous Perception'*OW1912150895 Tokyo KYODO in English
1458 GMT 19 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 19 KYODO — South Korea on Tuesday [19 December] criticized remarks by Shinshinto (New Frontier Party) Secretary General Ichiro Ozawa that South Korea is peppering its history education with anti-Japanese feelings.

A spokesman for the Foreign Ministry said it is surprising that an influential Japanese politician has an "erroneous perception" that South Korea is conducting anti-Japanese history education with political intention.

South Korea's history education is teaching the students historical facts as they are, the spokesman said.

Ozawa said in a lecture in Tokyo on Monday that South Korea and China are engaged in thorough anti-Japanese education, adding nothing good will come out of such education.

Aum Allegedly Obtained Nuclear Substances From Russia*OW2012051595*

[FBIS Editorial Report] Tokyo Asahi Television Network in Japanese at 0900 GMT on 16 December during its regular one-hour "The Scoop" program carries a report on Aum Shinrikyo's activities in light of the government's decision to enforce the Subversive Activities Prevention Law (SAPL).

The introduction starts with a video report on the activities of Kiyohide Hayakawa, the arrested Aum leader who was the sect's construction minister and believed to be a key figure in Aum efforts to bring about an Armageddon in November 1995, quoting his acquaintances and citing documents confiscated from him.

Mitsuhiro Suganuma, the former chief of the Public Security Investigation Agency's international division, testifies that Aum probably "intended to negotiate with Japan using plutonium or similar nuclear substances" as a threat. The report also says that Vitaliy Savitskiy, a member of the Russian State Duma, testified that Aum followers obtained nuclear substances, noting he died mysteriously on 9 December.

Back in the Asahi Television studio, announcers Shuntaro Torigoe and Yuki Misaki give some background on applying the SAPL to Aum. Video then shows the events leading up to the decision, a report on the possible implications of the SAPL application, and the reaction of Aum followers.

The program offers a biographical account of Hayakawa and his involvement with Aum, including his alleged plan to produce 1,000 Russian Kalashnikov machine guns at Aum facilities.

Video shows Aum activities in Russia, which started after Aum donated handsomely to a plan by Oleg Lobov, secretary of the Russian Security Council, to found the Russia-Japan University when he came to Japan for fundraising in February 1992. Aum subsequently used its connection with Lobov to use Russian radio and television broadcasting facilities and establish a Russian chapter. A former Aum follower testifies that Hayakawa was even asked to consider going into the business of dismantling submarines.

Video shows a road leading to a Russian Internal Affairs Ministry's (IAM) military base "outside Moscow" with the sign "Balashikha." An unidentified IAM lieutenant colonel testifies: "The second time I saw Aum followers was when they came for shooting practice with Kalashnikovs" (all quotes are translated from the Japanese subtitles accompanying the original Russian comments).

The report mentions that the Russian parliament investigated Aum activities. Viktor Ilyukhin, chairman of the State Duma's Committee on Security, is shown stating: "We had information that low-ranking military officers joined Aum Shinrikyo. It is possible that they arranged the shooting practice at the training facilities."

Video then shows Vitaliy Savitskiy, vice chairman of the State Duma's Committee on Religion, saying: "We have the recorded testimonies of several members of the

Aum Shinrikyo organization in Russia who participated in exercises near Moscow." "There were Russians there with the Japanese."

Suganuma, who has been investigating Aum activities in Russia since August, suggests: "I believe that Hayakawa, Asahara (the Aum guru), and other Aum leaders were thinking of asking these Russian followers to come work as soldiers in Japan eventually. In the public security sense, they had extremely dangerous plans."

The report notes that Hayakawa's confiscated notebook lists prices of tanks and a great variety of other weapons. It also says that Aum attempted to establish a foothold in Vladikavkaz, near Chechnya, where many weapons were available.

Ilyukhin says: "Aum tried to establish a chapter in Vladikavkaz. It would not be surprising if they were trying to obtain weapons in this area, where a huge amount of weapons was concentrated."

The report says that Aum is suspected of establishing links with the Russian intelligence authorities through "Aum Protect," a company it established in Russia.

Savitskiy is shown noting: "Nobody denies that at least four ex- KGB officers [Russian original says: four staff members and officers of the Federal Security Service (FSB)] were executives of Aum Protect. There is information that acting staff members of the FSB were involved with this company [Russian original says: were solicited to participate in its activities]."

Savitskiy then states: "The FSB shut its eyes [misugoshita; Russian original says: extended the opportunities] to Aum's intrusion into facilities where nuclear and toxic substances were stored and, although the FSB denies this, allowed them to remove these substances."

The report states that Asahi Television interviewed Savitskiy on 28 November, and on 9 December he died suddenly in a car accident. Sergey Skorniyakov, secretary of the Christian-Democratic Union, testifies that Savitskiy's struggle against Aum resulted in the banning of Aum activities in Russia.

The report goes on to show the scene of the car accident in St. Petersburg, noting that Savitskiy's secretary, who was also in the car, testified that the driver suddenly changed direction and a Mercedes Benz hit Savitskiy's car. Yelena Morozova, the injured secretary, speaks from her hospital bed: "Recently Savitskiy had received threats. Phone calls threatening to kill him and his family [Russian original says: to take care of his family and threatening him personally] were received at the office."

Igor Potapov, State Duma deputy from the Christian-Democratic Union, says: "It was not a coincidence, it was no accident. It was a planned, political murder."

The program ends with announcer Torigoe commenting that Aum Shinrikyo is, in essence, a tool used by Shoko Asahara to realize his political ambition of taking over power by bringing about an Armageddon.

Landowners Ask Court To Permit Support to Ota

OW2012082895 Tokyo KYODO in English
0750 GMT 20 Dec 95

[FBIS Transcribed Text] Naha, Japan, Dec. 20 KYODO — Seventy-eight landowners who may be affected by a trial concerning the forced leasing of their land to the U.S. military petitioned the court Wednesday [20 December] to be allowed to assist Okinawa Gov. Masahide Ota in his battle against the central government.

Prime Minister Tomiichi Murayama has filed a lawsuit against Ota with the Naha branch of the Fukuoka High Court in an effort to force the governor to sign documents necessary to force the landowners to renew leases with the U.S. military for their land.

The 78 antiwar landowners pleaded for the right to assist the governor because of their "crucial interests in the results of the trial."

If allowed to assist Ota, the landowners would be able to make claims during the trial and request that witnesses be called, affecting the progress of the trial.

If their petition is rejected, the landowners have indicated they would be willing to take measures to protest the court's decision.

The landowners said Wednesday that if forced to lease the land, they would have to accept limits on their rights as landowners.

They also argued it would be an invasion of their right to confirm the facts of the items of record if the leases are signed by the governor or prime minister because entrance to their land is not permitted.

The landowners, if allowed to take part in the trial, plan to argue that the Japan-U.S. security arrangements are a violation of the constitution since the Cold War is over and the forced leasing of their land is illegal.

The first hearing in the trial is scheduled for Friday.

Ota is the first prefectural governor to be sued by a prime minister for refusing to execute a job ordered by the central government.

Murayama filed the suit after receiving a letter from Ota on Dec. 5 rejecting his orders to sign the necessary documents in place of the reluctant landowners.

Ota had also rejected an earlier "recommendation" by Murayama that the governor sign the documents for the lease of a total of 35,000 square meters of land, involving some 2,900 landowners.

Ota's refusal is widely backed by residents of Okinawa, who have increasingly called for the consolidation or elimination of the U.S. bases there following the rape of a local schoolgirl Sept. 4, for which three U.S. servicemen are on trial.

Okinawa, about 1,600 kilometers southwest of Tokyo, is home to some 75 percent of U.S. military facilities in Japan. The prefecture accounts for less than 1 percent of the nation's land area.

Landlords Reject Early Return of Land

OW2012084795 Naha RYUKYU SHIMPO
in Japanese 20 Dec 95 Morning Edition p 1

[FBIS Translated Text] On 19 December, Kaoru Shinjo, chairman of the Okinawa Prefecture Federation of Landowners Association of Land Used for Military Purposes [FLALUMP] and 14 other executive members submitted a request to Okinawa Governor Masahide Ota and Prefectural Assembly Chairman Chiken Kakazu expressing opposition to the early, complete return of military land and to plans for converting returned military land to other purposes. The local landowners' group, consisting of some 28,000 members who own land used for military purposes, in effect protested against the prefectural government, saying it has "failed to reflect the landlords' intentions" in an "Action Program on the Return of Military Bases" that the government has been rushing to draw up in hopes that military land will be completely returned by 2015. FLALUMP and its affiliated Municipal Landowners' Association plan to conduct organized campaigns to submit requests to relevant government ministries and agencies and various local governments beginning early next year. It is thus expected that their activities could now affect the prefectural government's action program. The prefectural government, antimilitary landowners, and related officials are concerned that FLALUMP's raising questions on early return of their land could affect hearings to start on 22 December in the lawsuit filed by Prime Minister Tomiichi Murayama against Governor Ota over the latter's refusal to sign documents to force reluctant landowners to extend leases on land used for military purposes.

FLALUMP expressed distrust of the prefectural government, which seeks complete return of military land: "The prefectural government's action program fails to reflect sufficiently the intentions of some 28,000 landowners who form the vast majority of landowners

concerned with the issue and who have agreed to sign lease contracts. In addition, the program lacks practical, concrete plans for converting returned military land to other purposes. Under these circumstances, we cannot approve the program."

FLALUMP has indicated willingness to cooperate with the prefectural government on reducing military bases to make effective use of Okinawa land. However, considering that it has taken over 14 years on average to complete past land conversion projects, FLALUMP pointed out: "The unconditional, early, and complete return of land brings with it immeasurable economic losses. This could result in an infringement of the livelihood of the landowners concerned."

Kacho Hanashiro, director of the prefectural government's Planning and Development Department, who greeted the FLALUMP officials, said: "We feel that we should consider removing military bases from Okinawa within 20 years as one of our goals. We intend to draw up our program, taking into consideration the opinions of various municipal governments and landowners."

In addition, FLALUMP asked for revisions to the Law on Special Measures for the Conversion of Returned Military Land. Specifically, FLALUMP requested that landowners be guaranteed compensation for five years after their land is returned, instead of three years as currently stipulated in the law, and that a fund be set up for converting returned military land to other purposes.

Antiwar Groups Demand Reduction of U.S. Bases

OW1912122095 Tokyo MAINICHI SHIMBUN
in Japanese 18 Dec 95 Morning Edition p 23

[FBIS Translated Text] "If we do not fight with the government now with indomitable resolve, we will not be able to abolish the bases." Civic groups held a protest rally against U.S. military bases on Okinawa and the Japan-U.S. Security Treaty at Asahi Life Insurance Hall located in Shinjuku, Tokyo on 17 December, and about 1,400 people participated in the rally (according to the organizers).

The rally was carried out through an appeal by 26 civic groups and about 270 supporters. Shoichi Chibana, 47, an antiwar landowner from Yomitan Village, Okinawa Prefecture, criticized the national government's handling of U.S. bases, saying: "I support (Okinawa) Governor Ota for refusing to sign contracts by proxy for the forced leasing of land for U.S. military bases."

In conclusion, the rally participants adopted an appeal "to support the antiwar landowners' struggle, to call for the withdrawal of U.S. bases, and to promote such actions nationwide."

Japan-U.S. Joint Command Exercises Set

OW2012094995 Tokyo KYODO in English
0828 GMT 20 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 20 KYODO — Japan and the United States will conduct joint military command exercises starting Jan. 25, the Self-Defense Forces' Joint Staff Council announced Wednesday [20 December].

The announcement of the exercises follows growing anxieties over military movements in North Korea.

Some 7,300 members of the SDF's three branches and U.S. military forces stationed in Japan will be involved in the strategy planning computer exercises at the Defense Agency's Central Command Headquarters and the U.S. Yokota Air Base in suburban Tokyo.

Fighting personnel will not be involved in the exercises from Jan. 25 to Feb. 2, the staff council said.

The Joint Staff Council did not formally announce the objectives of the exercises, but sources close to the exercises said that it will involve the retaking of a fictitious island in the Sea of Japan that has been occupied by enemy forces.

It is the first time that a Japan-U.S. joint military exercise will practice retaking an island in the Sea of Japan and comes as North Korea is reportedly moving some of its fighters, bombers and heavy artillery closer to the demilitarized zone dividing the peninsula.

U.S.-Japan Trade Friction 'Fabricated'

952A0750A Tokyo VOICE in Japanese Sep 95
pp 110-119

[Article by Tsuneo Iida, a professor with the International Cultural Research Center at Nagoya University]

[FBIS Translated Text] **The Keywords of Trade Friction**

Concerning trade friction, there are doubtless many who hold the view that "I'm tired of hearing about it," and "this is no longer the discussion stage; this is the stage at which measures to solve the friction must be quickly implemented and political decisions must immediately be made to that end."

However, is this really the case? In particular, is it possible to come out and say that there have not been some significant mistakes made in the way that this issue has been debated up to now? Possibly it is futile to even bring it up at this point, but I would like to consider this question in the following paragraphs.

There are a few keywords that are in circulation regarding this problem. They include "expansion of domestic demand," "closed nature," "opening up markets," "deregulation," "internal and external price differences," etc., etc. When discussions are carried out, these keywords are used freely, and the gist of the discussions in which they are used is generally as follows.

Those in charge of Japanese national finance are cursed by the old-fashioned notion of balanced finance and are devoted to an economic management of holding down expansion of domestic demand. For that reason, the Japanese economic situation tends to constantly be restrained so that imports do not easily increase. That has generated the enormous Japanese trade surplus. Consequently, the argument goes, those in charge of national finance should discard their clinging to the archaic concepts of balanced finance as soon as possible, transform to a more mobile style of economic management, and implement "expansion of domestic demand" in an aggressive manner.

Further, the love that Japanese have for products made in their own country is inordinately strong, and this island complex is a notable impediment to the increase of Japan's imports. Moreover, on that point, there are the vested interests of domestic businesses that are protected by this "closed nature" of Japanese markets and related to that are the various government regulations. If these sorts of things were to be completely stopped and the "opening of markets" were to be undertaken, Japan's imports would increase in a single stroke and Japan's trade surplus would, without a doubt, shrink significantly.

Positioned as a line of extension of this "market opening" is the "deregulation" argument that has been dominating the minds of people in recent years. According to it, the thing that is impeding the expansion of imports in Japan is the network of government regulations that has extended into every nook and cranny of the economy. If these regulations could only be eased or abolished, Japanese imports would immediately jump, and despite the fact that it is anticipated that the trade surplus would contract by a large margin, because of resistance from industry, which clings to vested interests, and particularly the bureaucrats, who dislike relinquishing the authority afforded them by regulations, deregulation is proceeding at a snail's pace.

Fundamentally supported by a massive trade surplus, the yen rate has inched up, and, as a result, the "internal and external price difference" gradually expanded. That is not only contributing to a major loss for the Japanese consumer who is forced to pay prices several times higher than international prices but also invites high

prices for firms which are dependant on domestically-produced raw materials and energy.

Nothing More Than "Margin of Error"

Generally the biggest questions or problems concerning the above debate used up to now is the distinction between the "qualitative" effect or the direction of change and the "quantitative" effect or the magnitude of change. In debate at large, both of these effects are being almost invariably confused. As an assertion of the "qualitative" effect or the direction of change, the assertions that are being pointed out at large are all correct. However, the problem is found in the "quantitative" effect or the magnitude of change.

When Japan's trade surplus reached several tens of billion dollars annually and, as it has recently, even 100 and some tens of billion dollars annually, even if that is reduced by a few hundred million or a few billion dollars by "expansion of domestic demand" or "opening markets," the resulting change would only amount to something on a microscopic scale. That is, it would only be within the "margin of error."

In other words, if the target that should be moved is only moved one or two digits when the total is on the tens of billion and then hundreds of billion dollar level, it could not really be described as having been effective. However, it is thought that the majority of—no, the entire—debate between Japan and the United States on trade friction was this type of question.

To cite one of the newest examples, in the recent Japan-U.S. negotiations on automobiles, the eventual informal agreement (which may not be the correct word...) in which the Japanese side was to increase imports of parts was for a mere 6.75 billion dollars. Even compared to Japan's current annual trade surplus which exceeds 100 billion dollars and compared to America's trade deficit that is of a similar order, this merely amounts to a "margin of error" and is microscopic.

Considered in this way, one becomes extremely doubtful as to whether it was a problem that merited such a brouhaha. I apologize to the negotiators who put forth such effort, but I am left with the intense impression that the Japan-U.S. auto negotiations were merely a waste of time.

Moreover, this is not confined to the recent auto negotiations between Japan and the U.S.; I suspect that things have been this way from the start. For that reason, let us take an extremely simplistic look back at the progression of events since Reaganomics.

The Culprit Behind the Bubble Economy

Trade tensions between Japan and the U.S. began with the textile friction of around 1970, so it has a fairly long history. Initially, however, there was friction on individual items, such as textiles, steel, color televisions, etc., and, while they were serious in their own right, they were nothing compared to recent times.

The problem took a sharp turn for the worse since the Reaganomics of the latter half of the 1980s. President Reagan implemented bold and substantial tax cuts, and opened a large hole for the budget deficit. Of course, it was not Reagan's original intention to create a fiscal deficit. He had been hoodwinked by the voodoo economics of "supply side economics" based on the "Laffer curve."

According to the "Laffer Curve" even if the government cuts taxes the GNP will expand by a wide-margin because there will be a boost in morale and an increased desire of the people to work. Consequently, as the assertion goes, government tax revenues will also increase and the national finance will not run a deficit. If this were really the case, it would truly be a "tempting story."

However, this "too good to be true story" did not materialize, and the "supply siders" at length left the administration, but the major tax cuts were implemented according to plan and the national finances ended up very much in the red ink. Needless to say, a fiscal deficit is a factor in excess demand, but in America's case added to that was the trend toward excessive household consumption and too little savings, so that domestically in America aggregate demand ended up exceeding aggregate supply and because that gap was covered over by an increase in imports, there came to be a major deficit in trade as well. Moreover, reliance was placed on funds borrowed from foreign countries to finance the trade deficit. As a result, America almost immediately went from being the greatest lending nation to the greatest debtor nation.

It is common knowledge that the fiscal and trade deficits are referred to as "twin deficits," but that signifies the fact that America, the most abundant nation in the world, was "living" (domestic aggregate demand) beyond its "means" (aggregate supply from within), and filled in that gap with borrowed funds. The micro economic management of Reaganomics could be characterized as even being that lacking in "discipline" and could be called a typical example indicative of how difficult maintaining a "disciplined" economic management is under a democratic political system.

Although I will not cite detailed figures, even to this day I clearly remember being worried at the time, albeit about another country, and watching with great amazement at how those "twin deficits" were mounting

and wondering what sorts of measures America intends to take in order to restore "discipline."

However, according to my impression, America, hardly giving a second thought to its lack of "discipline," abruptly began to harshly criticize and censure Japan for its inadequate efforts to "open its markets" and "expand domestic demand." Suddenly, I felt that "this seems highly improper."

I was not the only one with that sentiment. For instance the late Mr. Osamu Shimomura openly and squarely asserted that "it is not Japan but America that is at fault." (Moreover, that is exactly the title was of his last work. However, even though it was 1988 when his book came out, his contention was consistent since the latter half of the 1980s.) I followed Mr. Shimomura's lead, as it were.

However, the number of people at the time (and probably now too!) who sympathized with Mr. Shimomura and myself was exceedingly small and the media, etc., seemed to think that "wouldn't it be a fine thing if the economy were to improve by expansion of domestic demand," and I remember that even among economists our argument was not taken seriously and it was characterized as "foolish grumblings from a segment of people."

At the time, I tried thinking of various reasons for why the situation had become so incomprehensible. What seemed plausible was that Japanese people were 1) unconditionally convinced that whatever America says is correct, or 2) even if a doubt is felt about America's claims, they are unable to directly refute America because of the idea of "If you can't beat 'em, join 'em." (In the war, on top of the fact that Japan was the defeated nation which lost to the victor nation, America, subsequently, Japan has strongly depended on America for security during the Cold War). It has to be either one or the other of those reasons.

It may seem superfluous to say such a thing at this point, but to lose in a war is a really dismal thing.

Finally, entering the latter half of the 1980s, the famed "Maekawa Report" came out in April 1986. The character of that report, fundamentally, is that it makes a humble apology to the world for Japan having been lax in "expansion of domestic demand" and "opening its markets" and generating a massive trade surplus, after which Japan resolutely swears to itself and the world that in the future Japan would mend its ways and sincerely strive to "expand domestic demand" and "open markets" and absolutely succeed in cutting its surplus.

I will omit any lengthy calculations, but according to a rough estimate I made at the time, in order to reduce the trade surplus (which was then on the order of 50 billion

dollars) to zero in one year solely through the method of "expansion of domestic demand," Japan would have to increase its actual nominal growth rate to 33 percent.

Because visiting such an astronomical inflation on the domestic economy would be unthinkable, it means that in the "Maekawa Report," Japan promised something that it could not possibly pull off. Be that as it may, the "Maekawa Report" even now it is almost regarded as a Bible when arguing about trade friction. That is, while the "Maekawa Report" talks about very grand things, it is saying that the Japanese people and government, which failed to earnestly put those things into practice, are to blame.

What comes to mind in that regard is that the "Maekawa Report" first and last is an abstract argument and never once does it talk about specific figures, such as if domestic expansion policies on the order of x trillion yen are carried out, the trade surplus will shrink to y billion dollars after z years. Not only that, at the time there was no discussion about whether or not to write about "numerical targets."

Regarding the fact that no figures were given in the "Report" one newspaper's "commentary" explained that "while the Maekawa commission was very much in favor of including figures, that action was fiercely opposed by government agencies and ministries which dislike being tied down by numbers and would not permit their inclusion." This is likely one example of the fact that on occasion the newspapers write significant falsehoods that seem extremely plausible (consequently, they sound all the more reasonable).

Obviously, the Maekawa commission, no matter what type of calculations were tried, was unable to obtain satisfactory figures. That being the case, there were two ways to write the "Report": either 1) go ahead and put any old figures in the report and apologize when those figures are found out to be false, or 2) since there is no real way to include figures, leave them all out and escape by using vague arguments. Putting it sarcastically, avoiding the first option and selecting the second was the report's sole insight (!).

When considering the depths of the scars left in the Japanese economy from the remnants of the Bubble, such as bad loans of banks, etc., we should take to heart the hazards of the simplistic arguments for "expansion of domestic demand."

The Myth of the "Closed Nature of Japanese Markets"

It seems likely that there will immediately be criticism about what on earth can be the value of dredging up the "Maekawa Report" now, nine years after the fact, when

it is already an old story. The fact is, however, that the pattern discernable in that report is hardly any different even to this day.

As long as America's requests to Japan are implemented in the usual fashion, there will naturally be no appreciable quantitative effect toward cutting Japan's surplus or for reducing America's own deficit. However, at that rate, of course, America will not be satisfied. Consequently, in order to appease America, Japan will have to implement more than it has usually done in the past. In a word, it will have to implement in an extremely exaggerated fashion. "Expansion of domestic demand" that caused the Bubble phenomenon in Japan was precisely this same pattern. It is possible that this same pattern is now about to be repeated with respect to "deregulation."

At the risk of belaboring this point, everything began with Reaganomics, and it is because of Reaganomics that there is an attempt to unjustly and unreasonably shift the responsibility for the condition that America inflicted upon itself onto Japan. The "myth" that was built up (or to put it more bluntly, fabricated) for that purpose regarding the "closed nature of Japan's markets" clearly includes numerous abnormal exaggerations.

Allowing that Japan's markets certainly have various closed aspects (this is surely something that can be found in just about every nation's markets), I am absolutely unable to bring myself to believe that it is as closed as it is frequently asserted.

What the advocates of "deregulation" are saying, in short, seems to terminate in the fact that the Japanese style of market economy is neither the "winner takes the spoils" type nor the "survival of the fittest" type. As long as it is thought that a good deal of this difference between Japan and the U.S. is due to differences in their "cultures" and it is only natural that there will also be differences in their economic systems, it is probably the type of thing that can be sufficiently justified.

Of course, because the Japanese economic system is not perfect (and the same thing can be said about the American system.), there must be several portions that are difficult to justify with "cultural" differences alone.

However, assuming that Japan were to reconstruct those portions to be in the American style, there is some question as to whether, as the advocates of "deregulation" insist, it would result in a large enough reduction in Japan's surplus and America's deficit for America to go along with. No matter how one examines their assertion, my feeling is that things cannot be guaranteed to turn out that way.

If that were to end up not happening, judging from past experience, America would certainly pressure Japan for

further "deregulation." As long as this is the case, I am unable to quickly embrace the "deregulation" argument. This is because "deregulation" is not supposed to be an aim of economic policy itself. That is, total laissez-faire in a market economy is not possible and some sort of regulations are essential. I think that refashioning Japan's economy after the American style of "the winner takes the spoils" and "survival of the fittest" would do a lot more harm than good.

Are They Only Too Well Aware of the Unreasonableness of Their Demands?

The above arguments are all extremely common-sense and no advanced knowledge of economics at all should be required. Nevertheless, why on earth is it that those sagacious Americans have continued to unfold such unreasonable arguments? I do not think that their arguments are about economy, economics or economic policies.

To be perfectly frank, it is likely that America, with full knowledge that their demands are completely unreasonable and lacking in coherence, have unfolded that type of argument for the purpose of restraining Japan's economic rise at any cost. If that is indeed the case, the point becomes political and not economic, and instead of economic policy it is about global politics.

When Japan's economy, aided by the Bubble, was still replete with vitality, the "end of the Cold War" also occurred, and Japan was considered to be the "greatest threat" to America in the near term. Aside from whether in retrospect that assessment was overblown, having determined that we were the "greatest threat," America took firm measures in response to that. And when one considers the extreme sluggishness of Japanese economy of late, those measures appear to be succeeding splendidly.

Being an economist, speaking in such an open manner is probably indicative of a remarkable lack of restraint. It may be that economists should limit their comments to the domain of economics. However, it is necessary to counter political arguments that contain political intentions. No matter how well-mannered and becoming of an economist the debate may be, it will be utterly impossible to make such a rebuttal.

When there are negotiations between Japan and the U.S., especially Japan-U.S. economic negotiations, I often wonder what in the world were they all about. Naturally, I was not present at the actual negotiations, so all I can do is infer from reports, etc. by the media. And, by my inferences, 80 to 90 percent of the negotiations consist of unilateral demands being made of Japan by America,

and about the only concern for Japan is how to "whittle that down" as much as possible.

In the end, Japan basically accepts the demands of America. Meanwhile, what kinds of demands does Japan make on America? Obviously, Japan has wanted to strongly urge that America do something to decrease its budget deficit which is the source of the "twin deficits" and to restore "discipline" and "moderation" to its economic management. Yet, it is exceedingly questionable as to what extent that was seriously debated as a formal "topic" in the "negotiations."

It is a truly wretched thing, but judging from the results, it would seem that it was practically not debated at all as a topic in a real sense. Perhaps one should take the view that this is precisely a matter of global politics and that therein is where the most direct manifestation of the difference in the "national power" between Japan and the U.S. can be found.

However, to use a very extreme expression, it is said that "even a worm will turn." In February of last year, at the Japan-U.S. summit between Hosokawa and Clinton, Japan said "no" for the very first time. In the recent Japan-U.S. automobile talks as well, the position of the Japanese side was stronger than it ever had been. It seems clear that the Japanese side is gradually approaching the limit of its patience.

Too Much Self-Examination Is Dangerous

As a result of the "twin deficits" having continued interminably, it is probable that America is steadily approaching catastrophe. Eventually, other countries will stop lending money to a cumulative debtor nation. That will be the day of the "dollar crash." Compared to up to the time of the "Nixon Shock" of only 24 years ago, the dollar has already dropped to less than one fourth with respect to yen.

Under the extreme instability of such an exchange rate, just how much significance is there in commenting on the "internal-external price difference," particularly the negligence of Japanese firms as being the base of that? Instead of talking about the "internal-external price difference," probably more attention should be focused on the fact that while the high yen low dollar situation has reached this degree, several of Japan's industries have not lost their global competitiveness and the trade surplus does not show signs of going down soon.

Several of Japan's industries and firms have worked hard to skillfully manage to endure and counter America's strategy of attempting to quash the Japanese "menace." America will become increasingly aware of the Japanese "menace," and a typical indication of that is, as Mr. Hajime Karatsu frequently points out, for example,

is the latent power of the "manufacturing of products" of Japanese industry and firms.

In contrast to this, the comeback of America's manufacturing industry is often touted, but this has a tendency toward excessive PR.

Significantly contributing to the extreme caricaturization of the "closed nature" Japanese market is the role played by proponents of "deregulation" and the same mechanism, beginning with talk of America's "turnaround," will likely be seen in various other aspects. The loss of confidence by the Japanese people is nothing new, but that also must not be taken to an extreme. Although arrogance is bad, it may be that excessive self-examination is even worse.

Murayama Press Conference on Housing Bailout

Issues Statement

OW2012014695 Tokyo NHK General Television Network in Japanese 1507 GMT 19 Dec 95

[Statement by Japanese Prime Minister Tomiichi Murayama at a news conference held on 19 December at the Prime Minister's Official Residence — live]

[FBIS Translated Text] I feel really sorry that this news conference has to be held at this late hour. A decision was made at the cabinet meeting not long ago. Some suggested that a statement be issued in document form. However, I feel that, to win our people's understanding, it would be better to give the statement in my own words. Thus, we have decided to hold this news conference, and I hope you understand my position.

Regarding the issue of handling the bad loans that arose following the collapse of the bubble economy, an issue that involves seven of the housing loan companies usually known as *jusen*, since last spring there have been serious discussions and consultations among the various *jusen*-related organizations and companies, as well as with the government and the ruling parties.

We have concluded that we must take action to rehabilitate international and domestic confidence in the Japanese financial system. Regarding the government's pump-priming efforts, we also concluded that a further delay in the decision would badly damage the nation's economy, and would result in greater confusion in the financial market. Finally, we have made a very difficult decision to spend a large amount of public funds, and I would like to ask for the public's understanding on this decision.

However, I feel that the public will not be convinced, nor will it be possible to win their understanding, if our people are forced to bear the burden without any

clarification of the details of how the loans were issued to real estate and other companies during the bubble economy period. We will try our best to recover debts. If there are violations of civil or criminal laws, as a matter of course, the government will take drastic actions to determine who is responsible.

At the same time, it goes without saying that measures should be taken to investigate the circumstances under which the *jusen* that were hit with such bad loans have been forced into bankruptcy, and to call to account those involved, both lenders and borrowers. Also efforts should be made to disclose all the details to the public. We take this task as the government's responsibility and are determined to do our utmost to continue handling this issue.

In this regard, we will take drastic measures to clarify all the details and clarify who is to blame by setting up special departments at savings and insurance organs and mobilizing the criminal department, prosecutors' office, and tax administration, as well as real estate experts.

Although I have no excuse to offer, I would sincerely like to ask for our people's understanding and cooperation regarding the decision.

Takes Questions

OW2012102595 Tokyo NHK General Television Network in Japanese 1512 GMT 19 Dec 95

[FBIS Editorial Report] Prime Minister Tomiichi Murayama held a question-and-answer session after announcing the government's scheme to liquidate housing loan companies' bad loans during a news conference at the Prime Minister's Official Residence in Tokyo on 19 December.

Asked about the government stance on the responsibilities of administrative and financial authorities, Murayama said: "I would like to find, through investigations, who among political and administrative authorities are responsible for acts committed during the so-called bubble economy period and since the time of its collapse."

Asked to explain why the government's liquidation scheme appeared to place a lighter burden on agricultural-affiliated financial institutions than on the banks that founded the housing loan companies, Murayama said: "This is the result of having concerned parties conduct a thorough discussion of just how much burden they can shoulder." He then asked for public understanding on this matter.

On the possibility of having to pour in more public funds to cover additional losses that may arise in the

future, Murayama indicated that although every effort will be made to recover debts and ensure that no more debts will be incurred, the government will have to do whatever is necessary in such a case.

Asked how the government expects to gain public understanding on using public funds to bail out housing loan companies, which are private companies in themselves, while many medium and small businesses across the nation have been left to go bankrupt, Murayama explained it was necessary to do so in order to regain the confidence of the international community in Japan's financial system and because financial institutions play an important role in the nation's economic activities. He said: "We would like to gain public understanding of the fact that the government had to make a very difficult decision on using public money, since further delay could aggravate the economic situation and cause greater confusion."

As to why agricultural-affiliated financial institutions have been given such favorable treatment, while the Kizu Credit Association and other credit unions have been allowed to go bankrupt, Murayama stressed that agricultural-affiliated institutions cannot be allowed to go bankrupt since they were established to serve small-scale farmers and have their own role to play in society.

Murayama also stressed the need to step up disclosure of financial standings of the financial institutions involved and further reform the aspects of their operational system that need to be improved for further transparency.

Murayama also said the government will thoroughly investigate how housing loan companies fell into difficulties in the first place, clarifying where the responsibility lies and pursuing it thoroughly if anything illegal should be found.

Asked what could happen if the government were to decide not to use public money in the liquidation scheme, Murayama said that it could lead to greater confusion, such as lawsuits by shareholders of the institutions involved, among other possible developments. He said failing to act now could lead to dire consequences, especially considering the current state of the Japanese economy.

Regarding the possibility of the top management of the financial institutions involved being forced to step down to take the blame for the problems, Murayama said there may be such a possibility, depending on facts revealed by thorough investigations; and in such a case, necessary steps must be taken in response.

Reportage on State Bailout of Housing Loan Firms

LDP Cites Preconditions

OW1812133595 Tokyo KYODO in English
1258 GMT 18 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 18 KYODO — The Liberal Democratic Party (LDP) reaffirmed Monday [18 December] it will seek to have the Finance Ministry [MOF] and other parties take responsibility for the fiasco among housing loan firms as a precondition for the use of public funds for a bailout scheme, party officials said.

Taku Yamazaki, chairman of the LDP's Policy Affairs Research Council, will lay down concrete measures for the Finance Ministry, founding banks and farm-affiliated financial institutions to take responsibility for the affair, the officials said.

The LDP is the main force in the three-party ruling coalition. The two other parties are the Social Democratic Party (SDP) and New Party Sakigake.

Masajuro Shiokawa, chairman of the LDP Executive Council, told a meeting of party leaders Monday that the founding banks should ask the government for the use of public funds to bail out the financially troubled mortgage lenders after their presidents step down, they said.

Farm-affiliated institutions, which are major lenders for the housing loan companies, should do the same, he was quoted as saying.

Major commercial banks are the founders of the heavily-indebted housing loan companies. Financial institutions affiliated with agricultural cooperatives provided a massive amount of funds to the mortgage companies during Japan's "bubble economy" in the late 1980s.

Shiokawa blamed moves to provide preferential tax treatment for commercial banks to write off bad loans, citing record operating profits reported by commercial banks as a result of low interest rates, the officials said.

Wataru Kubo, secretary general of the SDP, who attended a high-level meeting held by the three coalition parties, called for punitive action against the personnel responsible, coalition officials said.

Coalition Agrees on Guidelines

OW1912070895 Tokyo KYODO in English
0615 GMT 19 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — The following is an outline of a policy to settle the

problem of ailing housing loan companies worked out Tuesday by the ruling coalition parties.

— On Dec. 1, the Policy Coordination Council of the ruling coalition presented to the finance and farm ministries a set of guidelines on how to liquidate the housing lenders.

— The following should be observed in deciding a scheme for the liquidation of the mortgage companies and the share of losses to be incurred.

(Securing Transparency)

Disclosure of financial data for each of the housing lenders is necessary to prove it is inevitable to use public funds for the liquidation scheme.

(Clarifying Responsibility)

A) The Finance Ministry and the Bank of Japan

whether there were mistakes in past monetary policies should be scrutinized to define administrative responsibility on the housing lender issue.

B) Housing Loan Companies

whether their inspection on lending was insufficient should be examined, in addition to asking their management for social responsibility.

C) Commercial banks that founded the housing lenders because of their heavy involvement in the establishment and management of the mortgage companies, the founders should assume any responsibility for their lending to the companies, including detouring of loans and introduction of loans.

D) Financial institutions affiliated with agricultural cooperatives

drastic restructuring efforts should be made by the farm group, including reorganization of the group.

(Strictly Looking Into Civil and Criminal Liability)

(Collecting Claims)

Borrowers' repayment obligation should be sought through every possible legal step. As the case may be, criminal liability should be examined.

(Protecting Management Against Shareholders' Lawsuit)

A possibility of legally protecting the management involved against lawsuits by shareholders should be studied in order to smoothly solve the issue and handle it as a problem for the nation's entire financial system.

Plan Commits 685 Billion Yen

*OW1912071095 Tokyo KYODO in English
0635 GMT 19 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — The fiscal 1996 general account budget is likely to swell to about 75 trillion yen, rather than just over 74 trillion yen expected earlier, with public funds being used to help liquidate housing loan companies, government and coalition sources said Tuesday [19 December].

The government and ruling coalition parties agreed Tuesday morning to set aside 685 billion yen for the liquidation scheme in next year's general account budget, up from 605 billion yen earlier sought.

The Finance Ministry is scheduled Wednesday to present its draft budget for the next fiscal year, starting from April 1.

At 75 trillion yen, the general account budget will be 5.7 percent bigger than the initial fiscal 1995 budget, the biggest increase in five years.

The sources noted that because most of the spending on liquidating the housing loan companies is to be financed by deficit-covering bonds, such bond issuance will top 12 trillion yen, rather than the initially projected amount of 10 trillion yen or so.

Including construction bonds, the total amount of bonds to be floated in the initial budget in fiscal 1996 will swell to over 21 trillion yen, the sources said.

The new coalition scheme calls for the founding banks of the mortgage companies to relinquish all their claims on the housing loan firms, totaling 3.5 trillion yen, and for other creditor banks to give up "part of" claims of 1.7 trillion yen, the sources said.

The thorny issue of how much of the burden should be borne by financial institutions affiliated with agricultural cooperatives, the biggest creditors of the housing loan firms, was resolved when the Finance Ministry accepted their proposal to shoulder 530 billion yen, the source said.

The sum is far smaller than their claims on the housing loan firms totaling 5.5 trillion yen and the 1.1 trillion yen envisaged as losses to be taken by them in the ministry's old scheme.

Under the new scheme, the farm sector would be guaranteed repayment of virtually all its claims on the housing lenders, the sources said.

Of the 6.41 trillion yen losses left by the liquidation of the mortgage firms, 685 billion yen will not be covered,

a situation that led the Finance Ministry to consider using public money, the sources said.

The sources said the government will dip into the fiscal 1996 general account budget to bridge the gap.

The 685 billion yen from the general account will also finance a capital contribution of 5 billion yen to Deposit Insurance Corp., the sources said.

This money will be furnished through the corporation to a vehicle to be set up in April to take over the debts and loans of the virtually bankrupt seven housing loan companies.

The scheme also calls for the founding banks to extend capital and low-interest loans to the new vehicle and for other creditor banks to provide low-interest loans to the vehicle, the sources said.

The financial burden of 530 billion yen to be accepted by the farm camp will take the form of a grant to Deposit Insurance Corp., the sources said.

The new coalition plan is based on a compromise struck Monday by the finance and the agriculture ministries over the share of losses to be borne by two creditor groups in the liquidation scheme.

The founding banks and the farm-affiliated institutions had accused each other of trying to avoid shouldering a fair share of the losses.

The decision to use public funds in the liquidation scheme was clinched after the Finance Ministry accepted the farm ministry's argument that the agriculture sector cannot take losses beyond 530 billion yen.

In Tuesday's press conference, Takemura did not clarify why taxpayers' money is needed to help financial institutions in the commercial sector.

He said the government should win the people's consent to use public money in the liquidation scheme.

"If their understanding is not obtained, the framework will collapse," Takemura claimed.

The decision on public money came in time for Wednesday's fiscal 1996 draft budget compilation by the finance ministry.

In light of the current fiscal strains, the government has no option but to use deficit-covering bonds to finance the liquidation scheme, the sources said.

LDP Proposes Diet Panel

OW1912093995 Tokyo KYODO in English
0755 GMT 19 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — The Liberal Democratic Party (LDP) will propose the

setting up of a special Diet panel to deal with liquidating housing loan companies strapped with huge bad loans, party sources said Tuesday [19 December].

The dominant coalition party will try to convene the regular Diet session earlier than the original schedule of late January because debate at the special panel would be necessary before the Diet begins talks on the budget for fiscal 1996 that starts in April, the sources said.

If the panel is set up, the LDP aims to question officials of the Finance Ministry and private financial institutions related to the loan problems, the sources said.

The coalition of the LDP, the Social Democratic Party and New Party Sakigake [Harbinger] has basically forged a scheme to allot 685 billion yen in the general account budget for fiscal 1996 to dissolve the special housing loan companies.

LDP Secretary General Koichi Kato told a press conference that the housing loan problem is not a matter that can be settled only through deliberations at the Diet's Budget Committee.

Finance Minister Masayoshi Takemura said the use of public money is necessary to stabilize Japan's fragile banking sector, but the ministry's plan to dip into government coffers to settle the issue might ignite strong opposition.

Liquidation Plan Accepted

OW1912104795 Tokyo KYODO in English
1020 GMT 19 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — The ruling coalition parties on Tuesday [19 December] adopted a set of measures aimed at cleaning up the bad loan mess at home mortgage companies, coalition officials said.

The centerpiece of the scheme is the infusing of general account funds of 685 billion yen into a plan to liquidate seven of Japan's eight housing loan companies, officials said.

The use of taxpayers' money in the commercial sector is likely to spark strong public criticism, banking industry sources said.

The scheme was crafted as a compromise between two warring creditor groups — major commercial banks which founded the housing loan companies and their biggest creditors, agricultural-affiliated financial institutions.

The scheme features the establishing of a vehicle to take over debts and loans of the seven housing lenders, the officials said.

The liquidation of these lenders is expected to cause losses amounting to 6.41 trillion yen, a sum to be met by the parties concerned and from government coffers.

The scheme calls for the founding banks to give up all of their claims to the seven mortgage lenders, totaling 3.5 trillion yen, and provide capital and low-interest loans to the planned loan-buying vehicle, the officials said.

Other creditor banks will be requested to abandon 1.17 trillion yen in claims, part of their total claims of 1.7 trillion yen, the officials said.

They are also to put up capital and low-interest loans for the new vehicle, the officials said.

Agricultural financial institutions will be guaranteed repayments on principal on their all claims to the housing lenders, standing at 5.5 trillion yen.

The farm organs have to donate 530 billion yen to the vehicle, the officials said.

The government is to disburse 685 billion yen in the general account under the fiscal 1996 initial budget to fill the gap which will remain uncovered after all parties involved put up maximum financial burdens, the officials said.

The budgetary proceeds will be extended to a special account to be created in Deposit Insurance Co., they said.

The scheme calls for Deposit Insurance Co. to cover losses that may arise when the vehicle collects cash by disposing of the inherited loans, the officials said.

The government will request the bank of Japan to put up capital for the new vehicle and extend loans to the special account in Deposit Insurance Co., they said.

The scheme emphasizes the need to seek to have those who are to blame for the plight at the housing lenders take responsibility, they said.

The planned vehicle will have stronger enforcing power, with legal experts, real estate people, prosecutors and policemen taking part in loan-collecting activities, the officials said.

A framework outlined by the ruling coalition initially failed to receive endorsement by a key coalition party.

The Liberal Democratic Party (LDP), the largest force in the three-party coalition, had said the scheme fails to fully address problems involved in a plan to use 685 billion yen in public funds as a means to resolve the housing lender issue.

Some LDP members had said the new coalition proposal is too lenient on the issue of responsibility, and that disclosure of their financial positions is insufficient for

both the housing lenders and their founding banks, they said.

The coalition scheme will be finalized at an extraordinary cabinet meeting set for Tuesday night.

Further on Liquidation Plan

OW1912143595 Tokyo KYODO in English
1415 GMT 19 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — The following is an outline of a scheme approved Tuesday [19 December] by Prime Minister Tomiichi Murayama's cabinet to liquidate financially troubled housing loan companies.

— A new loan-collecting vehicle is to take over debts and loans of seven housing lenders and dispose of 6.41 trillion yen in immediate losses to be incurred from their dissolution.

— Founding banks of the home mortgage companies are to relinquish all their outstanding claims on the housing lenders, totaling 3.5 trillion yen, and other credit banks are to give up 1.7 trillion yen, part of their claims. The founders are to extend capital and low-interest loans to the new vehicle, while the other banks are to provide low-interest loans.

— Farm banks are to offer a grant of 530 billion yen and low-interest loans to the new vehicle on condition that repayment of all their claims on the home mortgage firms are guaranteed.

— The government is to use part of the fiscal 1996 general account budget to inject 680 billion yen into a special account to be made within Deposit Insurance Corp. Some of the losses incurred in the process of loan collecting by the new vehicle, if any, are to be reimbursed by the account.

— The government is also to offer capital of 5 billion yen to Deposit Insurance Corp. from the general account and ask the Bank of Japan to extend capital to the corporation and loans to its new special account.

— The new vehicle is to be strongly empowered and collect loans through legal steps. Responsibility from parties concerned is to be strictly sought.

NFP Opposes Public Funds Use

OW1912105995 Tokyo KYODO in English
1030 GMT 19 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — The main opposition party Shinshinto [New Frontier Party, NFP] said Tuesday [19 December] it is opposed

to a plan to use tax money for the liquidation of crisis-ridden housing loan companies.

Takeo Nishioka, acting secretary general of the party, told a news conference the public opinion will not tolerate the use of public funds.

Nishioka demanded that financial institutions which are the founders of the home mortgage lenders disclose more information regarding their operations.

The ruling coalition plans to earmark 685 billion yen for the dismantling of seven of the eight housing loan companies, political sources said.

Ballout Ignites Public 'Anger'

*OW1912152795 Tokyo KYODO in English
1511 GMT 19 Dec 95*

[By Keiko Tatsuta]

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — The government's plan to use taxpayers' money for a scheme to liquidate ailing housing loan companies ignited immediate public anger Tuesday [19 December].

A lenient Ministry of Finance [MOF] policy toward mortgage loan companies, and lax business operations involving not only the housing lenders but their creditors during the asset-inflated "bubble" economy, are being cited as major culprits behind the current plight of the housing lenders.

In the latest wrangling between two confronting creditor groups, the Finance Ministry, which had previously been negative toward the use of public money, finally yielded, accepting a plan to budget 685 billion yen of general account funds for the liquidation scheme.

The Finance Ministry appears to have broken another promise — that of winning public consent before resorting to taxpayers' money.

In an initial reaction to the use of their tax moneys for the purpose, people on the street did not conceal their distaste, with one person from Tokyo's Ota Ward saying, "It's a ridiculous idea. They have no right to use our money."

Economists are also critical about the idea of dipping into government coffers as a means to bail out entities in the commercial sector.

Fumiko Konya, chief economist at the Japan Securities Research Institute, said, "All concerned people — the finance minister, bureaucrats and top management of banks involved — should step down first, after acknowledging their blunder."

"I don't understand why taxpayers' money should be used to settle a problem caused by banks, which have

enjoyed strong earnings on the back of very low interest rates," Konya said.

Seven of Japan's eight housing loan companies are doomed to liquidation. All seven, with liabilities believed to have outweighed assets in the first half of fiscal 1995, have no prospects of reversing their plight.

Konya noted that if a similar cases were to take place in the United States, the bankers involved would face jail sentences.

The housing lenders were established in the 1970s as a way to boost ownership of homes.

As the asset-inflated bubble economy set in the late 1980s, major commercial banks stepped up their home mortgage business, capturing much of the business previously reserved for the specialized housing lenders.

This prompted the housing lenders to shift to speculative land transactions involving corporate clients.

When land prices showed an unabated rise backed by the bubble, the finance ministry stepped in, imposing a quantitative cap on lending by financial institutions for real estate transactions.

Money that no longer had an investment destination returned to the housing lenders, which were immune from the restriction because they are not categorized as financial institutions.

Konya said the Finance Ministry cannot escape responsibility for the current troubles of the housing loan companies as the ministry let them lean toward corporate business, departing from their original focus on individuals seeking to purchase homes.

Founding banks of the mortgage companies are also to blame for the problem because the founders had formed close business ties with them by supplying executives during the bubble era, she said.

The Finance Ministry's claim that the use of public money is meant to stabilize Japan's shaky financial system is not convincing, she said.

For his part, Finance Minister Masayoshi Takemura said, "The financial system is an artery of Japan's economy but, loaded with massive problem loans, it is suffering from cancer."

"We need a drastic surgical operation to remove the tumor." We have to urgently recover international confidence on our financial system," Takemura told reporters.

Agricultural-affiliated financial institutions, the biggest creditors with outstanding loans of 5.5 trillion yen, have

set the maximum loss they are willing to shoulder at 530 billion yen in the long drawn-out dispute with the founding banks.

Meanwhile, the founders have clarified their policy of not putting up any funds beyond their outstanding claims to the housing lenders, amounting to 3.5 trillion yen.

The fresh scheme includes 685 billion yen as the amount to be disbursed from the general account under the fiscal 1996 initial national budget.

The two creditor groups have themselves rejected any receipt of public money in the liquidation scheme, apparently out of fears that their top managements could be forced to step down to take the blame for their financial difficulties.

But they had hoped for a government decision on the use of public money, a situation that may help avoid such dismissals of top management.

Masaru Takagi, chief economist at the Fuji Research Institute, said, "Such an opaque political settlement can hardly win national and overseas understanding."

Some national judgment is necessary on the latest scheme, Takagi said, citing a possible immediate dissolution of the Diet for a general election.

Finance Minister Takemura and Finance Ministry officials have repeatedly said they will seek the people's understanding on the use of public money.

However, despite the strong public criticism, Takemura sounded very optimistic, saying, "I believe many of the Japanese people will understand why we made this option."

Under the new scheme, the Japanese people would have to shoulder 5,500 yen per capita to bail out entities in the commercial sector.

However, the taxpayers' burden is expected to swell further because the package allows use of public funds when additional losses arise in the process of recovery of loans by a special vehicle to be set up in April.

Moreover, the situation would worsen if prices of real estate put up as collateral for the problem loans further decline.

Critics have urged stepped-up disclosure of the financial standings of the housing lenders and farm-related financial institutions if the use of public money is allowed.

The farm-related institutions claim their financial fragility justifies their not having to take large losses in the liquidation scheme.

But the argument could be questioned due to the lack of disclosure in their balance sheets.

Makoto Sataka, an independent economist, said, "I feel enraged with the Finance Ministry solution — it's like breaking a piggybank to take out the money."

"We have not been informed of the background behind the latest decision," he said.

"The ministry is getting us wrong, only trying to cover up its own responsibility," Sataka said.

Takemura 'Sorry' for Fund Use

*OW1912153795 Tokyo KYODO in English
1530 GMT 19 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — Finance Minister Masayoshi Takemura on Tuesday [19 December] apologized to the Japanese people for the government's decision to use public money for a scheme to liquidate ailing housing loan companies.

"I feel very sorry for the latest decision to use the Japanese people's money" for the dissolution of the housing lenders, Takemura told a news conference.

Takemura appeared before reporters after the government endorsed a plan to put up 685 billion yen from general account funds under the fiscal 1996 initial national budget as partial funding of the liquidation of seven of Japan's eight housing loan companies.

"The decision was struck as a result of agonizing talks among the concerned parties. But I believe the step will help buoy up the slumping economy and recover international confidence toward the shaky Japanese financial system," Takemura said.

Takemura acknowledged losses in the scheme may swell in the future from the currently estimated 6.41 trillion yen.

"In that case, some fiscal steps would become necessary," Takemura said, hinting at the need for dipping further into government coffers.

Resignations Deemed Unnecessary

*OW1912113795 Tokyo KYODO in English
1056 GMT 19 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — A Japanese banking industry leader Tuesday [19 December] rejected the idea that the management of the banks which founded the embattled mortgage firms should resign to take responsibility for the bad loan debacle.

"The banks' responsibility will be fulfilled by forgoing all outstanding loans to the housing loan companies," Toru Hashimoto, chairman of the Federation of Bankers' Associations of Japan, said at a news conference.

The government plans to dispose of irrecoverable bad loans at seven of Japan's eight mortgage companies, which would result in losses totaling 6.41 trillion yen, by asking the founding banks to give up all their loans.

It also expects to use taxpayers' money to ease the burden on agricultural-affiliated financial institutions, the largest collective creditor to the mortgage lenders. The financiers serve Japanese farmers with strong political clout.

Meanwhile, recoverable bad loans and performing assets will be transferred to a planned debt collection vehicle. Some of these loans, however, could go bad in the future with an estimated loss of 1.2 trillion yen.

On this secondary loss, Hashimoto said a plan is under consideration to cover the loss with investment returns on a fund to be established using investment from the government and private-sector financial institutions.

"The banking industry could consider investing in the fund if it is counted as positive cooperation for stabilizing the financial system," Hashimoto said, hinting that the industry will basically accept the idea.

But Hashimoto urged the government to offer legal backing to clarify the public nature of the investment and guarantee the principal of the funds if and when the founder banks dish out the money.

If these conditions are met, "The banks will be able to gain the understanding of shareholders even if their total commitments, including the foregoing of loans, exceed their lending exposure to the mortgage companies," Hashimoto said.

BOJ Not To Provide Funds

*OW2012120395 Tokyo KYODO in English
0953 GMT 20 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 20 KYODO — Bank of Japan (BOJ) Governor Yasuo Matsushita said Wednesday [20 December] the bank will not provide money to make up for losses expected from the liquidation of ailing housing loan companies.

"The central bank has a basic policy of not putting up funds for the purpose of covering losses so as to maintain our sound financial conditions," Matsushita said at a press conference.

A scheme approved Tuesday by the government for the dissolution of financially squeezed mortgage companies

envisages the BOJ's financial support in the form of capital and loans.

The central bank has been requested to furnish funds to a special account to be created in Deposit Insurance Corp.

Money deposited at Deposit Insurance Corp. will be shifted to a vehicle to be established next spring to undertake the recovery of problem loans at the housing lenders.

Matsushita said the BOJ will make a decision on the request after further studying the scheme, the details of which he said have yet to be finalized.

Matsushita added he understands when losses emerge at the planned vehicle, the government is supposed to take adequate steps.

Matsushita was meeting with reporters for the first time since undergoing an operation to remove a prostate tumor in early November.

Matsushita threw support behind the government liquidation scheme, saying it is crucial for Japan to solve the problem of the mortgage companies promptly to regain confidence in the nation's banking system both at home and abroad.

"I hope an early solution to this problem will help expedite the disposal of bad loans and then contribute toward stabilizing Japan's financial system," Matsushita said.

The governor said he thinks the decision to use taxpayers' money in the scheme resulted from the difficulty of securing a necessary amount of funds among concerned parties alone.

"If the housing lender problem remains unsettled, business conditions at financial institutions nationwide would be badly affected, and then the stability of our financial system might be undermined," he said.

Matsushita indicated that financial and monetary authorities cannot escape responsibility for the mortgage fiasco because of their policies which allowed the speculative "bubble" economy to arise in the late 1980s.

He suggested the Bank of Japan is partly responsible for the birth of the bubble by allowing excessive monetary easing.

"We learned a lesson from those policies for our future monetary management," he said.

Detailed analysis of the economic policies and developments during the bubble era is needed to define the specific responsibilities of the authorities, Matsushita said.

On economic conditions, Matsushita reiterated his view that the Japanese economy remains at a standstill on a broad front but that preparations for returning to a recovery are under way.

Corporate sentiment is showing signs of improvement, capital spending and individual consumption are moderately recovering, housing investment is turning upward and the downturn in industrial production is coming to an end, Matsushita said.

On monetary policy, he said the central bank will keep monitoring financial and economic developments, including the effects of its current easier credit stance.

Analysts Review Losses

*OW1912151795 Tokyo KYODO in English
1447 GMT 19 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — More than half of Japan's 21 major banks will suffer unconsolidated pretax losses in fiscal 1995 ending next March as they write off losses stemming from the liquidation of seven housing loan firms they founded, financial analysts said Tuesday [19 December].

This is partly because the liquidation-related losses are certain to more than outweigh these banks' net operating profits from their core businesses such as lendings and bond dealings, the analysts said.

The 21 banks comprise seven trust banks, 11 major commercial banks known as "city banks" and three long-term credit banks. Together they founded the seven housing lenders widely known as "jusen" in the 1970s.

Some of these banks plan to increase their net worths through such means as flotation of preferred stocks, while raising a part of the funds needed to write off the losses by closing some overseas branches or trimming their workforces.

These prospects emerged after the Finance Ministry unveiled a plan to set up a debt-collection agency to take over a part of the trillions of yen worth of bad loans left by the housing lenders, while having the banks that founded the housing lenders forgive a total of 3.5 trillion yen in bad credits to the jusen, other banks forgive 1.7 trillion yen and farm banks give the agency 530 billion yen.

The MOF's jusen liquidation scheme calls for having the founding banks, the farm banks and ordinary banks share the cost of liquidating the jusen's remaining losses after the founding banks waive the 3.5 trillion yen in claims.

Under the plan, the related parties would be required to share the remaining losses in proportion to the amounts of their lending to the jusen.

In line with the scheme, the seven trust banks would be obligated to take combined losses of 1.55 trillion yen, the 11 city banks 1.16 trillion yen and the three long-term credit banks 1.05 trillion yen.

However, the net operating profits of the trust banks are expected to amount to 600 billion yen, and those of the long-term credit banks to 610 billion yen — both of which sums will fall far short of their respective losses stemming from the jusen liquidation, the analysts said.

Although the combined net operating profits of the city banks are expected to shoot up to 3.23 trillion yen in fiscal 1995 ending next March, not all city banks are faring well, they said.

In an attempt to cover a part of the losses from the jusen liquidation, the trust banks plan to dig into the "special reserves" they had set aside over the years to cover customers' losses if investment returns on their money trusts fall below the principal their customers entrusted to them, the analysts said.

Meanwhile, some long-term credit banks and city banks have vowed to push restructuring efforts.

"We will seek to annually cut costs worth a total of 30 billion yen until the end of March 1998 by streamlining our business operations," an official at the long-term Credit Bank of Japan said.

The seven jusen are Nippon Housing Loan Co., Daiichi Housing Loan Co., Japan Housing Loan Inc., Housing Loan Service Co., Sogo Jukin Co., Jyuso Inc., and Chigin-Seiho and Housing Loan Co.

Projected Effect of FY96 Draft Budget Viewed

Keidanren Chief Hopeful

*OW1912153095 Tokyo KYODO in English
1517 GMT 19 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — A top figure in the Japanese business community expressed hope Tuesday [19 December] that a government scheme for liquidating bad loans-swamped housing loan companies will alleviate anxiety in the international community over Japan's banking mess.

"I hope this scheme will alleviate, for the time being, anxieties felt at home and in the international community about our nation's financial sector," said Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren).

Keidanren, the Japan Federation of Employers Associations (Nikkeiren) and other big-business groups have long urged the government to use a substantial sum of taxpayer money to liquidate the bad loans of housing lenders, saying the issue constitutes one of the key stumbling blocks to Japan's economic recovery.

Now they are urging the government to secure public understanding of the scheme that is widely expected to necessitate an infusion of trillions of yen in public funds over the coming years, industry sources said.

EPA: Plan To Help Economy

*OW1912154995 Tokyo KYODO in English
1533 GMT 19 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 20 KYODO — Japan's top economic planner Tuesday [19 December] urged all parties responsible for some 7.5 trillion yen worth of bad loans extended by seven housing loan companies to take responsibility for the situation.

Isamu Miyazaki, director general of the Economic Planning Agency (EPA), told a news conference after a late-night cabinet meeting, "clarifying the responsibility (of related parties) and disclosure of related information are necessary."

"Responsibility rests with all the related parties, including politicians, the bureaucracy, lenders and borrowers," he said.

Miyazawa commended the liquidation scheme for "eliminating anxieties over the Japanese financial system at home, and in the international community to some extent."

It will help revive the moribund economy, he added.

Takemura 'Confident'; Losses Noted

*OW2012053295 Tokyo KYODO in English
0206 GMT 20 Dec 95*

[By Keiji Urakami]

[FBIS Transcribed Text] Tokyo, Dec. 20 KYODO — Finance Minister Masayoshi Takemura declared Tuesday [19 December] that he is confident Japan's flagging economy will get a lift and global concern over its banking system will be erased under a new government scheme to clear up the mess of bad loans which are crippling housing loan companies.

"I believe the scheme will help buoy up the slumping economy and recover international confidence in the Japanese financial system," Takemura said.

But key issues are still pending in the fresh package, which features the use of 685 billion yen of general

account funds as a way to liquidate seven of Japan's eight home mortgage companies.

The government said the scheme offers a coherent prescription for dividing among concerned parties losses of 6.41 trillion yen expected to emerge following the liquidation of the virtually bankrupt housing lenders.

But few people believe that only 6.41 trillion yen will be involved, and Takemura himself has acknowledged that losses may swell from the currently estimated figure.

The 6.41 trillion yen represents losses to be incurred when a vehicle is created next spring to take over the debts and loans of the seven housing lenders after their dissolution.

Additional losses are likely to surface when the new vehicle begins to recover cash by disposing of the inherited loans, and the situation will worsen if there is a further decline in prices of real estate put up as collateral for the inherited loans.

The Finance Ministry estimates that losses of around 1.2 trillion yen are likely to emerge in the process of loan-recovering activities by the planned vehicle.

The ministry has requested the banks which founded the housing lenders to bear that portion of losses. But the founders are adamantly against shouldering such financial costs, saying they are not prepared to accept burdens beyond their total outstanding claims on the mortgage companies, amounting to 3.5 trillion yen.

Toru Hashimoto, head of the Federation of Bankers Associations of Japan, floated the idea Tuesday of financing the expected loss of the 1.2 trillion yen through investment returns on a special fund to be established between the government and the private banking sector.

The banking industry could contribute capital to the special fund if a legal framework is established to ensure the principals of the banks' loans, Hashimoto said.

Meanwhile, the government's decision to allot in the fiscal 1996 budget a total of 685 billion yen of taxpayers' money to liquidate the home mortgage companies has sparked strong public anger.

Keimei Kaizuka, professor of economics at Chuo University, said, "Common sense does not justify a plan to use public money to shoulder losses derived from activities of private entities such as housing loan companies."

According to banking sources, the sum to be put up by taxpayers could eventually top 1 trillion yen.

Finance minister Takemura has said if losses at the loan-collecting vehicle rise, "some fiscal steps will become

necessary," hinting at the need to dip further into the government coffers.

Kaizuka said that putting public money into the loan-recovering vehicle should only be determined after assessing whether the vehicle is a public body.

As a way to finance the general account spending of the 685 billion yen, the finance ministry announced a plan to issue deficit-covering bonds next fiscal year, a step expected to transfer the financial burden to future generations.

Support For Murayama Cabinet at Record Low

OW2012010895 Tokyo KYODO in English

2337 GMT 19 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 20 KYODO — The approval rate for the cabinet of Prime Minister Tomiichi Murayama dropped 2 percentage points to 33 percent in December, the lowest rating since the cabinet was inaugurated in June last year, the ASAHI SHIMBUN newspaper said Wednesday [20 December].

The disapproval rate for the cabinet was 46 percent, compared with 47 percent in October, the newspaper said.

The ASAHI survey, held Sunday and Monday, covered 3,000 people aged 20 and older, of whom 2,247 people or 75 percent responded.

An opinion poll released by another newspaper, the YOMIURI SHIMBUN on Wednesday, said the support rate for the cabinet increased 1.2 percentage points from November to 35.4 percent in December.

The disapproval rate increased 0.1 point to 49.2 percent from the previous poll, the YOMIURI said.

The YOMIURI's poll covered 3,000 eligible voters Saturday and Sunday, and 2,060 people or 69 percent responded.

Harbinger, SDPJ Plan Roundtable on Alliance

OW1912110895 Tokyo KYODO in English

1037 GMT 19 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — New Party Sakigake [Harbinger] and the Social Democratic Party (SDP), two of the three ruling coalition partners, agreed Tuesday [19 December] to launch a "roundtable" in January with an eye to engineering a new alliance of political powers.

The plan is the brainchild of Prime Minister and SDP Chairman Tomiichi Murayama, who faces growing pressure from advocates within the party for an early inauguration of a new "liberal" party to supersede the SDP.

Sakigake head and Finance Minister Masayoshi Takemura, Secretary General Yukio Hatoyama and Deputy Chief Cabinet Secretary Hiroyuki Sonoda gathered at the Prime Minister's Office to discuss the program with Murayama.

They agreed to start the forum in January under the initiative of Sakigake, which has so far refused to merge with the SDP in the planned new party.

The move represents Murayama's gambit in the intra-party controversy over the new party project for reclaiming the upper hand against the group pressing for swift transition into a new entity, political analysts said.

The impatient SDP members, led by Secretary General Wataru Kubo, are raising the tone of their criticism against Murayama for his "tardiness."

Hatoyama told a press conference after the meeting with Murayama that preparations for the roundtable should begin by the end of the year.

"We have received repeated requests from the premier, and have decided to discuss the matter seriously," Hatoyama said.

Chief Cabinet Secretary Koken Nosaka, Murayama's right-hand man, said at a separate press conference that the meeting with Sakigake should be held at least twice by the end of the year.

Nosaka stressed it is not a scheme for persuading Sakigake into joining the SDP's new party venture.

"We say we should gather political blocs from as wide a spectrum as possible," the chief government spokesman said.

Sakigake, which hopes to play a pivotal role in creating a grand coalition including some lawmakers of the conservative bloc, had been cautious about participating in the roundtable, which the party believes could restrict the components of the new alliance.

Sakigake decided to join hands with the SDP, however, out of fear that further foot-dragging could mar relations with Murayama, a senior Sakigake official said.

There are, however, voices within Sakigake that are critical of the scheme, which they fear may help make for a virtual merger with the SDP, a young party official said.

SDPJ Announces Plan To Pick New Leader

OW1912114795 Tokyo KYODO in English

1134 GMT 19 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 19 KYODO — Prime Minister Tomiichi Murayama's Social Demo-

cratic Party (SDP) set a schedule Tuesday [19 December] for the election of the party's new head and a party convention amid a deepening rift between Murayama's supporters and a group critical of his cautious move toward a new "liberal" party.

The SDP's policy-making Central Executive Committee decided at a special meeting to hold a poll Jan. 14-15 to choose a new party head, with election results to be announced Jan. 16. Election campaigns are to start Friday.

The party will then call a party convention Jan. 19 to determine the name of the proposed new party as well as a policy platform and party regulations.

The focus of the intraparty power struggle now is whether the Murayama critics will field a candidate against the government chief, who is certain to run for reelection.

SDP Secretary General Wataru Kubo, the main advocate for a quicker move toward a new party, has already decided to "retire" from the party leadership after the term of his current office expires.

Some proponents for a swift step to a new party are seeking the candidacy of other party leaders belonging to their group, such as Vice Chairman Kosuke Uehara and former Secretary General Hirotaka Akamatsu.

However, they are still far from agreeing on whether they should field a candidate against the incumbent prime minister, party officials said.

Donen Admits Violation Resulted in Accident

OW2012081695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 18 Dec 95 Evening Edition p 14

[FBIS Translated Text] On 18 December, the Power Reactor and Nuclear Fuel Development Corp. [Donen] held a news conference in connection with the sodium leak accident at "Monju," the prototype fast-breeder nuclear reactor (located at Tsuruga city in Fukui Prefecture). At the conference, Donen admitted that failure to shut down air-conditioning ducts in the pipe-housing unit for about three and a half hours after the accident was in violation of the regulation on "completely shutting down air-conditioning ducts when fire alarms sound," as stated in regulations submitted to the government when the company sought approval to construct the reactor.

It has also been disclosed that no mention is made in the operational manual as to whether the ducts should be shut down, thereby leaving the decision to the monitor. Donen admitted the misjudgment, saying, "It

would have been more desirable to shut down the ducts immediately."

According to Donen, the ducts are automatically shut down when a large-scale leak from the tank controlling the flow of sodium used for the secondary cooling system causes a major change on the surface of the liquid. However, since the recent leak affected an area less than two to three square meters in size, no changes were noted in the liquid surface in the tank; and no instructions on how to handle ducts in such a case are given in the "procedures for operation in case of an abnormal situation." While admitting "loopholes in the manual," Donen maintains: "There is still room for improvement. For example, ducts should have been made to shut down automatically in the recent case."

On the other hand, Donen started on the morning of 18 December making full-scale preparations for removing sodium compound in the pipe-housing unit. Since the floor area covered by the sodium compound is approximately 4,000 square meters, it is estimated that it will take about one month to complete cleaning.

The sodium compound accumulated under the pipes and air-conditioning ducts most seriously affected by the leak had been mostly removed by the previous day.

Further Reportage on FY96 Draft Budget

KYODO Provides Overview

OW2012082195 Tokyo KYODO in English 0719 GMT 20 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 20 KYODO — The Finance Ministry unveiled a 75.1 trillion yen fiscal 1996 draft budget Wednesday [20 December] that features the biggest growth in five years to cover huge debt-servicing costs and the use of public funds to liquidate crippled housing loan companies.

The draft general account budget for the fiscal year beginning next April totals 75,104.9 billion yen, up 5.8 percent from the initial budget for fiscal 1995.

This marks a turnaround from a 2.9 percent fall in the initial fiscal 1995 general account budget, which represented the first decline in 40 years.

Under the proposed budget, the ministry will be forced to issue a record 21,029 billion yen in government bonds, including 11,998 billion yen in deficit-financing bonds, due to a huge tax revenue shortage caused by Japan's prolonged economic slump.

It is the first time in seven years that the ministry has decided to issue deficit-financing bonds in an initial budget.

"While giving maximum consideration to measures to help shore up the sluggish economy, the draft budget is seeking to reduce governmental working costs as much as it can," Finance Minister Masayoshi Takemura said at a news conference after the government approved the budget proposal at an extraordinary cabinet meeting.

"Given the current tough fiscal situation requiring issuance of a large amount of government bonds to cover a revenue shortfall, it would be unavoidable for the ministry to carry out a drastic reform of the revenue and expenditure structure," Takemura said.

The Finance Ministry will immediately start negotiations with other ministries and agencies seeking restoration of their budget spending requests.

There will be no change in the overall scale of the budget, though, since the ministry has already set aside 150 billion yen for use in such bargaining.

The cabinet of Prime Minister Tomiichi Murayama is scheduled to formally adopt the budget proposal next Monday and will submit it to the Diet in January.

Reflecting the tight fiscal conditions, the draft budget calls for limiting general operating expenditures — general account spending minus such obligatory costs as debt-servicing costs and tax allocations to local governments — to 43,140.9 billion yen, up 2.4 percent.

This represents the second smallest growth since fiscal 1989, following the 2.3 percent increase in fiscal 1994.

But the overall size of the general account budget has swollen due to the government's decision to allocate 685 billion yen to help cover losses stemming from the planned liquidation of the housing loan companies.

Calling it an emergency step to help stabilize Japan's financial system, the government will allocate 680 billion yen to a special account to be created at Deposit Insurance Corp. for the liquidation of the seven mortgage firms.

It will also contribute 5 billion yen to the corporation to strengthen its functions for depositor protection.

The 680 billion yen will be covered by deficit-financing bonds, while the 5 billion yen will be financed by construction bonds.

The housing loan companies are on the verge of collapse due to reckless lending.

While limiting increases in defense outlays and foreign aid, or Official Development Assistance (ODA), the ministry proposal calls for securing high growth in spending on public works projects and science and technology.

To help rev up the sluggish economy, the ministry set aside 9,719.9 billion yen, up 4.0 percent, for public works-related projects.

The allocation for science and technology is boosted 6.0 percent to 725.75 billion yen to help promote Japan's structural economic reforms.

The increase in the defense budget is set at 2.58 percent, sharply up from 0.855 percent in fiscal 1995 and raising it to 4,845.5 billion yen.

ODA expenditures, with a record low growth rate of 2.8 percent, will total 1,137 billion yen.

Among allocations outside general operating expenditures, national debt-servicing costs will surge 23.9 percent to 16,375.2 billion yen to cope with the redemption of government bonds issued in the past.

Since a huge amount of government bonds are in the pipeline for redemption, the ministry will be forced to resume regular allocations from the general account to the national debt consolidation fund for the first time in four years.

The fixed-amount allocations to the special account, which was created to secure fiscal resources for the redemption of government bonds, were suspended from fiscal 1993 to 1995.

In fiscal 1996, however, the ministry will disburse 3,479.7 billion yen to the special account from the national debt-servicing allocation.

Under the draft budget, tax grants to local governments will increase 2.9 percent to 13,603.8 billion yen.

On the revenue side, meanwhile, the ministry estimates fiscal 1996 tax revenue at 51,345 billion yen, down 2,386 billion yen from the amount estimated in the initial fiscal 1995 budget.

To bridge the gap between revenues and expenditures, the ministry plans to raise 21,029 billion yen by issuing new government bonds, up sharply from 12,598 billion yen in the initial fiscal 1995 budget.

This will bring the ratio of government bonds to overall revenues from 17.7 percent in fiscal 1995 to a 16-year high of 28.0 percent in fiscal 1996.

The outstanding balance of government bonds will come to some 240 trillion yen at the end of fiscal 1996 from about 213 trillion yen at the end of fiscal 1995.

The ratio of outstanding government bonds to the nation's gross domestic product will increase to about 49 percent from some 43 percent.

Budget Outline 20 Dec

OW2012062595 Tokyo KYODO in English
0552 GMT 20 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 20 KYODO — The following is a breakdown of a draft general account budget for fiscal 1996 proposed by the Finance Ministry on Wednesday [20 December].

Figures [as published] are in millions of yen with year-to-year percentage changes in parentheses.

	FY 1996 (proposed)	FY 1995 (preliminary)	(change)
Revenues			
Tax and stamp revenues	51,345,000	53,731,000	(-4.4)
Nontax revenues	2,559,383	4,485,579	(-42.9)
Proceeds from sales of Nippon Telegraph and Telephone Corp. (NTT) shares	171,500	172,500	(-0.6)
Government bonds	21,029,000	12,598,000	(66.9)
Construction bonds	9,031,000	9,746,900	(-7.3)
Deficit-covering bonds	11,998,000	2,851,100	(320.8)
Total	75,104,924	70,987,120	(5.8)
Expenditures			
Government bond servicing	16,375,197	13,221,300	(23.9)
Tax grants to local governments	13,603,826	13,215,395	(2.9)
General expenditures	43,140,901	42,141,740	(2.4)
Social security	14,263,066	13,924,412	(2.4)
Education, science	6,114,937	6,076,461	(0.6)
Pensions	1,650,631	1,726,552	(-4.4)
Defense	4,845,462	4,723,610	(2.58)

	FY 1996 (proposed)	FY 1995 (preliminary)	(change)
Public works	9,618,359	9,239,759	(4.1)
Economic cooperation	1,062,509	1,035,114	(2.6)
Small-business measures	182,923	185,691	(-1.5)
Energy measures	678,508	681,862	(-0.5)
Food control account	263,484	272,318	(-3.2)
Funds transferred to industrial investment	171,541	1,281,226	(-86.6)
Emergency financial stabilization funds	—	685,000	(—)
Other expenses	5,089,481	5,053,420	(0.7)
Reserve funds	350,000	350,000	(0.0)
Adjustment funds	—	100,000	(—)
Total	75,104,924	70,987,120	(5.8)

Takemura Clarifies Goals

OW2012082595 Tokyo KYODO in English
0724 GMT 20 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 20 KYODO — Finance Minister Masayoshi Takemura said Wednesday [20 December] the fiscal 1996 budget drafted by the Ministry of Finance calls for active commitment to pepping up the stagnant economy as well as rigid cutbacks on general operating expenses.

"In light of Japan's economic conditions at this juncture, the draft budget features public works and other projects funded by construction bonds, while reducing general operating expenses as much as possible," Takemura said at a news conference.

Takemura, however, showed regret over apparent contradiction between the ministry's efforts to restore the health of state finances and continued heavy dependence on government bonds for revenues.

"The draft budget calls on the government to issue a record 21,029 billion yen worth of government bonds next fiscal year, accounting for a hefty 28 percent of total revenues in the year," he noted.

Takemura said the heavy debt financing stems partly from the ministry's intention to limit to a bare minimum the "hidden debt" practice.

Using the murky practice, the ministry has appropriated funds under special budget accounts for use in the general account budget to help avoid issuing bonds for financing bulging general account expenses.

Still, "it is now inevitable for Japan to make radical reforms addressing the whole picture of fiscal revenues and expenditures together with economic trends," Takemura said.

Meanwhile, Takemura blasted the economic plan envisaged by Ichiro Ozawa, secretary general of the opposition Shinshinto [New Frontier Party] party who entered the race for the party presidency earlier this month.

Ozawa argues that the government should raise the consumption tax rate to 5 percent in five years and 10 percent in 10 years, while halving income and residential tax rates, cutting corporate and land holding tax rates and boosting capital spending.

"Frankly speaking, his policy is irresponsible," Takemura said. "It does not take into account the fiscal balance for each year, let alone the need for reconstructing state finances. Nor does it propose to cut spending."

Takemura said that to finance Ozawa's proposals, the government would have to issue bonds totaling hundreds of trillions of yen a year in 10 years' time, compared with the current 20 trillion yen or so.

Cuts Described

OW2012063795 Tokyo KYODO in English
0600 GMT 20 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 20 KYODO — The government Wednesday [20 December] mapped out a third supplementary budget for fiscal 1995, trimming the initial national budget by 1,004.42 billion yen to 78,034.01 billion yen to cope with shrinking tax revenues.

The new budget expects tax and stamp revenues for the year to next March 31 will fall short of the initial estimate by 2,912 billion yen. But it expects extra nontax revenues of 1.58 billion yen and income of 1,906 billion yen from deficit-covering bonds.

On the spending front, the extra budget calls for trimming outlays by 91.1 billion yen and squeezing subsidies to local governments by 913.28 billion yen.

The new budget injects an extra 307.8 billion yen into the JNR Settlement Corp. under the fiscal investment and loan program.

The corporation is working to clean up a 26 trillion yen debt left by the former state-run Japanese national railways (JNR) which was split up into seven private rail companies in 1987. It sells land and shares of the Japan railway (JR) private companies to repay debts.

The pumping of funds to the corporation became necessary as the government has called off the stock listing of west Japan Railway co., one of the seven private companies, and the current weak equity market makes it difficult to float other state-held JR shares.

Funding for U.S. Forces Raised

OW2012102495 Tokyo KYODO in English
0813 GMT 20 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 20 KYODO — The Finance Ministry added 2.1 billion yen to Japan's contributions to the costs of maintaining U.S. forces in Japan in the draft budget for the next fiscal year released Wednesday [20 December].

The expenditure covers the cost of relocating some of the night flight drills by U.S. carrier-borne planes to Iwojima Island from the Atsugi base in Kanagawa Prefecture.

The Japanese Government shoulders some of the costs of U.S. bases in Japan, including wages for Japanese employees at the bases and electricity, gas and water charges.

The 2.1 billion yen would be added to the contributions, 149.9 billion yen for the year starting in April, under a bilateral agreement, which is to be renewed when it expires in March.

The budget draft also contains a 1.7 billion yen increase for strengthening the Self-Defense Forces facilities for disaster rescue missions.

Aid Growth 'Lowest' on Record

OW2012061595 Tokyo KYODO in English
0542 GMT 20 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 20 KYODO — The Finance Ministry proposed Wednesday [20 December] allocating some 1.14 trillion yen for Official Development Assistance (ODA) in the draft fiscal 1996 budget, up by a record low of 2.8 percent from the initial ODA budget for the current fiscal year.

The rate of growth in the draft ODA budget is the lowest ever, undercutting the previous low of 4.0 percent for fiscal 1995.

It is the third consecutive year since fiscal 1994 for the growth of the ODA element to hit an all-time low in the national budget.

Ministry officials attributed the low rate of increase to the severe financial situation but stressed the importance of the aid as a pillar of Japan's contribution to the international community.

The cabinet of Prime Minister Tomiichi Murayama is scheduled to adopt the government's budget proposal Monday after government ministries and agencies complete a final round of negotiations over the draft budget in an attempt to resurrect their original requests.

The foreign ministry had sought a 7.0 percent rise in ODA in its budgetary request for fiscal 1996, starting next April 1, arguing that a high growth rate is necessary to accomplish its five-year ODA target for fiscal 1993-1997 totaling 70-75 billion dollars.

But a finance ministry official countered, "We aren't allocating a sum which will make it impossible to achieve the midterm target. We're sure the amount we've budgeted will allow the target to be reached."

In a breakdown of ODA spending, the Finance Ministry set aside 76.3 million yen for fresh projects to tackle global issues as part of the "common agenda" of Japan and the United States.

It also budgeted 1 billion yen in subsidies to assist nongovernmental organizations, up 31.6 percent from the prior fiscal year, and 4 billion yen in small-scale "grass-roots" grant aid, up 33.3 percent.

The leaps in the two areas are a result of the ministry's consideration of the necessity to show Japan's "face" through its active and considerate foreign aid policy, ministry officials said.

The ministry also proposed 8.6 billion yen — up 5.0 percent — for the "peace, friendship and exchange initiative" to promote exchanges between Japan and its Asian neighbors.

The decade-long 100 billion yen project was begun in the current fiscal year to commemorate the 50th anniversary of the end of World War II and express the nation's remorse for its wrongdoing up to and during the war.

The ministry allocated 2 million dollars for assistance of women in developing countries, up 100 percent, and 390 million yen — up 66.6 percent — for programs of the foreign ministry-affiliated Japan International Cooperation Agency (JICA) to tackle population problems and aids.

The budget proposal also called for 4.1 million dollars, 6.7 million dollars and 1.2 million dollars for UN Efforts to expand women's roles in society, control drugs and protect human rights, up 96.2 percent, 11.7 percent and 9.1 percent, respectively.

Gun Control Earmarked

OW2012084195 Tokyo KYODO in English
0803 GMT 20 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 20 KYODO — The Finance Ministry's draft budget earmarks 5.25 billion yen for the National Police Agency to help control the increasing use of guns in crimes affecting the general public, government officials said Wednesday [20 December].

The officials said the agency takes a dim view of the increase in gun crimes and has directed regional police headquarters around Japan to crack down on offenders.

The money allocated will go toward bullet-proof automobiles and wireless communication equipment for use in the fight against gun crimes, the officials said.

Such crimes this year included an incident in July in Tokyo's Hachioji in which three workers at a supermarket were shot point-blank and killed.

As of late October, 11 members of the general public were among the 30 people killed during this year with guns.

Word of the special allocation follows on the heels of the adoption Monday by a specially established government headquarters for the control of gun crimes of a five-point strategy to include a firmer response to gun crimes, a strengthening of coastal surveillance and greater cooperation with police overseas.

MOF, BOJ Inaction on Strong Yen Criticized

952A0760A Tokyo SHUKAN TOYO KEIZAI
in Japanese 5 Aug 95 pp 126-129

[Article by Nobuyoshi Namiki, a professor at Asia University: "Ministry of Finance, Bank of Japan Inaction Invited Destructive Strong Yen"]

[FBIS Translated Text] At 2200 hours on 15 August 1971 Nixon proclaimed to the world from Washington the suspension of the U.S. gold standard. For Japan-U.S. economic relations it was the fateful start of an economic war behind a facade of peace.

The content of the meetings which had taken place at the Camp David retreat since the previous day is presented in detail in "The President's Economic Policy," by Professor Herbert Stein, who at the time was chairman of the president's council of economic advisors.

The "1970 White Paper on Commerce," which I was in charge of and wrote, concluded that Japan's surplus had become fixed. The implication was promotion of deregulation and lowering of tariffs. But influential

persons in Japanese economic circles opposed the thesis that the surplus had become fixed, the press also followed suit, and in Japan the fixing of the surplus soon came to be denied by society. I did not yield, and made public a plan for raising the yen by means of a crawling peg, but as an official, I could do nothing more. At that time Japan should at least have proposed to America a plan for gradual rate fluctuation by means of a crawling peg.

Professor Stein writes that the Nixon administration decided that in spite of the surplus having become fixed, Japan firmly declined to agree to raising the yen, and such being the case, there was no choice but to lower the dollar. Do business men who are troubled by an excessively strong yen today know this fact?

Nixon's proclamation took as its theoretical support the thesis of Milton Friedman and Harris Johnston [name as transliterated] praising the floating exchange rate system. It held that the floating exchange rate system was a panacea which would make possible simultaneous achievement of external and internal balance.

It held that one need only pursue domestic balance (full employment) freely by fiscal and monetary policy. Even if an imbalance with other countries (a deficit in the international balance of payments) developed as a result, the exchange rate floats freely, so adjust imports and exports, and the problem would be solved automatically. It is extremely optimistic ivory-tower economics. There were those who agreed in Japan's ivory towers too, but I that thought surely America would not unilaterally decide this kind of drastic change of the international monetary system without warning. I thought there would be some amount of discussion.

Speaking with regard to Japan-U.S. economic relations, this American self-righteousness ushered in a relative decline in American power, and Japan's bitter transformation into a major international economic power.

Well, as to Friedman's Mickey Mouse economics, the fact that it is very difficult for fiscal and monetary policy to achieve domestic balance (full employment) is obvious at a glance if one looks at Japan, which has zero growth for three successive years. Furthermore, the floating exchange rate system has continued for a quarter-century, and America's international balance of payments is not balanced. Even if the dollar becomes weak, unless there is export capacity lying idle in America, exports will not increase. Moreover unless there is lying idle production capacity to substitute for imports, imports also will not decline. Prominent British and American economists have not noticed this ordinary thing. Such things as the social structure

and management structure of American capitalism are unnoticed failures of mathematical economics.

The Floating Exchange Rate and Transformation Into Speculation

The Chicago Mercantile Exchange saw the inauguration of the floating exchange rate, requested Friedman to construct a theory, and decided to list currency futures. It was the appearance of derivatives (finance-generated products). Later the content was organized into futures, forward delivery, swaps, options and combinations of these, and accompanying the movement of mathematicians to Wall Street because of NASA downsizing, there appeared a system of derivative products based on free use of computers. But the foundation of trading in derivatives is economic forecasts, and this is really impossible to do by computer, so such real speculators as George Soros do not use complicated derivatives. Because their intuitive power would cease to operate.

In the floating rate system the value-scale among the various national economies changes every day without reappearing. It is completely dizzying. Derivatives develop by drawing sustenance from this dizzying instability. It is fine when one is hedging against the instability, but there is no way of telling when one's eyes will be dazzled by huge profits and one will fall into speculation. Human beings are weak. Bearings' (Singapore) loss of Y100 billion is not all that rare. Even before now it has occurred two or three times a year.

What I showed above is that it is precisely the floating exchange system which is the parent of the sorceress, derivatives, and that hand-in-hand they are both prompting a transformation of the international economy at the end of the century into speculation. [sentence as published]

When in NIHON KEIZAI SHIMBUN's "Economic Classroom" column of 13 April I said that preventing a strong yen is the government's responsibility and advocated battling against speculation by firm intervention, later a succession of letters appeared which said that currency trading is not speculation. But that kind of argument cannot see the forest for the trees. All financial product markets, including currency, are very vividly tinged with speculation.

The Error of the Mieno Statement

In a speech which former BOJ governor Mieno delivered in 1994 he said: "The operation of monetary policy should be assigned strictly to domestic balance, and in particular, to the medium to long-term goal of *sustained growth without inflation*, so it is not appropriate to assign

it to exchange-rate stability or correction of imbalance with foreign countries."

For a monetary-policy theory under a floating exchange system, this is a fatal anachronism. It is quite shocking that this kind of thinking was able to exist in the Bank of Japan.

While the fact that the yen rate has risen excessively under a floating rate system is right before our eyes, this is a blindness which can go on shutting its eyes to the fact that this is disturbing to the domestic balance. At conferences of branch managers, were the managers of each branch actually continuing to report that, in spite of the excessively strong yen the economy of each district was serenely maintaining "balance"? Did not Mieno consider it strange?

I have the impression that the MOF, BOJ and complex financial bodies have a fairly optimistic misunderstanding on the point of how much of a blow the excessively strong yen is delivering to Japanese industry. A BOJ staff member with whom I spoke said that when he considers the profit of import-industries he cannot say that he is completely opposed to the excessively strong yen. A finance ministry old boy who is now a bank chairman said that the strong yen is a matter for congratulation because of enhancement of the real power of Japan's economy. That would also be fine if the foundation for a major power with a strong-yen standard of living were not shaky. But how accurate is the perception of the government and the BOJ concerning the state of manufacturing industries centered on export manufacturing industries?

When I say government here I mean the Ministry of International Trade and Industry. Since that dispute over appointments, MITI might as well not exist in regard to policy, research and planning. Even the Ministry of Foreign Affairs ought to be able to do something on the level of negotiating on automobiles. MITI makes no policy statements whatsoever concerning the strong yen. It is losing its reason for existence. When we compare the strong-yen restructuring of 1985 with the strong yen restructuring of 1993, the increase in the severity which Japanese industry faces is heartrending.

At the time of the rapid advance of the strong yen since March of this year, Mieno's successor Matsushita said repeatedly at frequent press conferences and so on that the BOJ would take no measures to counter the strong yen, and the result was that in March the yen rose above 90 to the dollar, and in April for a time rose above 80 to the dollar. My reason for hurriedly writing in the 13 April NIHON KEIZAI SHIMBUN that the government has a responsibility to prevent a strong yen was that I was shocked by this statement by Matsushita.

The Central Task Under a Floating Rate System

Judging from a quarter-century experience with the floating rate system, it is necessary for us to soon establish a basic philosophy for new economic policy and monetary policy. We should restructure the policy-philosophy of the era of the fixed exchange rate system.

As we have already plunged into an era of international speculation, we must consider things with that as a premise. Now, even revival of the fixed rate exchange system would be impossible, not to mention a return to the gold standard.

What we should recalled at this point is that even after the switch to the floating rate system, the concept of a target-exchange-rate bloc was advanced at G5 and G7 meetings. French representatives steadfastly advocated it, but was unable to obtain agreement. It was probably because none of the countries had confidence in its feasibility, even if they understood the spirit.

Well, as a result of the European currency crisis of 1993-94, now even the European Union's plan for a European currency ended up being shrouded in mist. This is a fact which vividly proved the impossibility of the concept of a target-exchange-rate bloc. Because multiple countries are involved whose economic fundamentals differ.

Well, at this point let us consider things from Japan's standpoint. Fortunately, Japan does not belong to any economic community or currency community. Therefore, Japan can freely choose the range of a target rate from its own standpoint, and seek to maintain it by policy means.

Or rather, the new first-principle of economic policy under a floating rate system must be discovery of an exchange rate which is desirable from the standpoint of one's own country, and the pursuit of that exchange rate. For example, even if the government stimulates business conditions by a Y10 trillion supplementary budget, there is no doubt that it will come out to zero growth if the yen grows stronger at the rate of 10 percent a year.

Friedman-style free-market advocates probably have an antipathy toward market intervention based on the will of a country's government. But the government is not particularly determining the rate by laws. The government is merely trying to realize its will by market intervention through the Foreign Exchange Funds Special Account in the very same way as up to now.

Considering it realistically, it is not a matter of leaving it completely to the discretion of the Foreign Exchange and Money Market Division of the MOF's International Finance Bureau and the Foreign Exchange Division of the BOF's International Bureau, without principles or

system, as was done up to now; at least it would change to such entities as the MOF, the Economic Planning Agency, MITI and the BOF devising a yen rate which is desirable from the proper nature of the Japanese economy, and firmly defending it, so it would be an improvement. Disclosure of the intervention target is unavoidable to a certain degree. It is not prevention of a strong yen; it is to control the strengthening of the yen to 5 to 10 percent a year (hopefully 7 percent or lower), and gradually reduce surpluses by guaranteeing growth of 2 percent or higher for the Japanese government and promoting smooth overseas expansion of Japanese industry. Surpluses generated beyond that would be applied to Euroyen bonds.

The actual operation of the Foreign Exchange Funds Special Account is not very clear because of a veil of secrecy. "Research on Intervention (Part 1)" in the 23 May issue of NIHON KEIZAI SHIMBUN gives the accumulated appraisal loss as Y10 trillion, but that is a mistake; it does not consider accumulation of interest or transfers to the general account and so on. If we consider that, there is an accumulated plus of Y2 trillion in FY93 [table not translated]. The written statement of accounts for the Foreign Exchange Special Funds Account consists of a statement of profit and loss, a balance sheet, disposition of profits and so on. Appraisal loss on foreign exchange and so on is such things as decrement on held foreign-currency denominated assets because of a rise in the yen rate. Profit is such things as interest produced by held assets, minus such costs as the interest burden from issuing Foreign Exchange Fund Bills. One should pay attention to the fact that the structure of the Foreign Exchange Funds Special Account is such that if the interest on investment assets is 6 percent, and the interest on Foreign Exchange Fund Bills which are used to raise funds for intervention is 0.875, the appraisal loss of foreign exchange and so on will be offset by profit if the strong yen is about 5 percent. This profit is disposed of in such forms as transfers to the general account and accumulation in reserves. At the end of FY93, in addition to an appraisal loss of Y7.2126 trillion brought forward, and accumulated reserves of Y7.1611 trillion, transfers to the general account total Y3.3050 trillion. When we take this into consideration, all together, it works out to a surplus of more than Y2 trillion.

In short, the structure of the foreign exchange account is such that if one intervenes actively and prevents a stronger yen the balance of accounts is plus. If one hinders the rise of the yen to 5 to 6 percent, one can avoid appraisal loss. The MOF and BOJ should strike terror into speculators by not worrying about such things as loss from differences in price. The

Japanese government must put greater study into foreign exchange intervention-measures.

North Korea

U.S. 'War Exercise' Plan Denounced

SK1912144795 *Pyongyang Korean Central Broadcasting Network in Korean*
1223 GMT 19 Dec 95

[Yun Pyong-son commentary: "Invariable Attempt of Invasion"]

[FBIS Translated Text] According to a report, the U.S. Pacific Command is planning to send a combat carriers' group with Independence as its center to the Korean coast to stage a war exercise in January of next year, while viciously slandering us.

This report was revealed on 17 December by a source in the U.S.- South Korea Combined Forces Command. The plan to stage a war exercise on the Korean coast shows that the United States is going to continuously advance along the road of aggravating tensions even in the early stage of next year. This plan is a premeditated maneuver to lead the situation on the Korean peninsula to the phase of more acute confrontation.

The United States is going to stage a war exercise by loudly raving as if we are threatening someone after deploying Armed Forces in the frontline. However, this is a shameless act of reversing black and white.

It is a fact well known to the entire world that the South Korean puppet armed forces have been intensively deployed in areas along the Military Demarcation Line [MDL] for a northward aggression.

The puppet armed forces have recently assumed the winter-operation posture, and so-called the rapid deterrence war forces including the U.S. imperialist aggressor forces and carriers are maintaining a mobilization posture. Besides, the puppets are running amok with war frenzy by illegally introducing armed bandits and heavy weapons into the DMZ in the MDL each day and by firing rifles and guns. This is a solemn reality.

Under these circumstances, the chairman of the U.S. Joint Chiefs of Staff recently said that one or two carriers' combat groups, aircraft and Marine Corps troops will be reinforced with a view to strengthening the rapid deterrence forces on the Korean peninsula.

The reality shows that it is not us who deployed armed forces in the frontline but the United States and the South Korean puppets who deployed armed forces in the frontline area, and are militarily threatening us.

Nevertheless, the United States raves about frontline deployment and so forth. This is no more than a trick to justify its war exercise it is going to stage. The U.S. war exercise plan not only threatens peace on the Korean peninsula but also works as a stumbling block in advancing DPRK-U.S. relations.

As has already been known, the agreement on the provision of light-water reactors was signed between the DPRK Government and the Korean Peninsula Energy Development Organization. As a result, a new progress is foreseen in the implementation of the DPRK-U.S. framework agreement. By evaluating this as affirmative development of the situation, the world's people are actively supporting and welcoming it.

It is clear to everyone that if the United States stages war exercise against us at this very time, it will throw cold water on implementing the DPRK-U.S. framework agreement and cast the dark shadow on its progress.

The U.S. double-dealing attitude of holding dialogue sitting face to face with one in one side while attempting to stage war exercise against the partner of dialogue on the other side cannot be tolerated. This shows that there is no change in U.S. intention to militarily crush us but it is becoming more dangerous.

If the U.S. position is that it wants to advance along the road of military confrontation with us, only the situation, in which one should confront with the other with confrontation, will be created.

The Cold War has ended and there is no threat of southward invasion on the Korean peninsula. Under this condition, the United States can find no excuse or pretext for staging a war exercise by bringing carriers' combat group to the Korean coast, which is tens of thousands of miles away from its own homeland.

The United States is attempting to provoke a northward war of aggression by regarding the Korean peninsula as the (?site for showdown). However, this will only expose its true color as warmongers and aggressors.

Our people and our People's Army, who treasure peace and sovereignty of the nation more than their own lives, will absolutely not tolerate any act of playing with fire by the aggressors.

The United States should look straight at our people's firm will and faith, and should immediately cancel the provocative war exercise plan. We will keenly watch the U.S. acts.

U.S. 'Imperialist Policy of Strength' Assailed

SK2012043595 *Pyongyang KCNA in English*
0355 GMT 20 Dec 95

["NODONG SINMUN Calls for Frustrating Imperialist Policy of Strength" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 20 (KCNA) — NODONG SINMUN today calls for frustrating the imperialist policy of strength.

The paper in a signed article says:

This year the imperialists have worked harder than ever before to maintain military "superiority" after the collapse of the balance of strength in the international arena.

They talked about "peace" and "disarmament" louder than anyone else, saying that this year marks the 50th anniversary of the foundation of the United Nations and the 50th anniversary of the end of World War II. In actuality, however, they have viciously pursued the policy of strength.

The Asia-Pacific region is very important in their strategy of a showdown of strength, its sharp edge being directed against Northeast Asia including the Korean peninsula.

The U.S. administration has reinforced the U.S. Forces in South Korea and modernized the South Korean puppet army under the pretext of "threat from North Korea," which it has advertised on every possible occasion.

This shows that this year the United States has attached importance to the Korean peninsula in the execution of its world strategy with an invariable intention to unfold a showdown of strength on the peninsula.

The United States has held joint military exercises such as Freedom Banner 95, Ulji Focus Lens 95 and Foal Eagle 95 with the South Korean puppets against the DPRK. In other words, the United States has completed the preparations for war on the Korean peninsula.

The U.S. imperialists plan to strengthen the U.S.-Japan-South Korea tripartite military alliance as an expedient of strength to stifle the anti-imperialist independent forces, especially the DPRK, in the Asia-Pacific region and unleash another war on the Korean peninsula.

The aggressive nature of imperialism remains unchanged and will never change.

The revolutionary people around the world must heighten vigilance over the imperialist policy of strength and frustrate it with concerted efforts.

ROK, U.S. Urged To Stop Military Exercises*SK2012110195 Pyongyang Radio Pyongyang
in Korean to South Korea 0050 GMT 19 Dec 95*

[Unattributed talk: "The Anti-Republic Ambition To Crush Us Should Be Abandoned"]

[FBIS Translated Text] U.S. bellicose circles and the Kim Yong-sam puppet clique are more pertinaciously clinging to the maneuver to crush [apsal] our Republic. Some of the overt expressions are the fact that the rascals are talking about someone's provocation, openly raving about seeking joint military countermeasure, and having a craze for war preparations.

The U.S. maneuver to crush the DPRK with strength was proven clearer by the U.S. Defense Secretary Perry's junket to South Korea. He crept into South Korea via Japan and said to the Kim Yong-sam puppet clique that the United States would provide immediate and effective support to prevent someone's aggression, pursuant to the U.S.-South Korea Defense Agreement. He then undisguisedly raved that the United States would provide South Korea with nuclear umbrellas.

At the 17th South Korea-U.S. military consultations, the U.S. war maniacs decided to conduct annual joint military exercises in addition to the Team Spirit war exercise to improve combined defense capabilities for countering the fictitious possibility of our military provocation. The United States and the South Korean puppets babbled about someone's military threat and uttered such words as combined defense and effective support. This is a burglar's theory to justify the military crushing maneuver against us.

As the entire world recognizes, the United States has continuously strengthened military threat against us. At the DPRK-U.S. negotiations, the United States promised not to militarily threaten our Republic, but has continued anti-Republic military commotions with the South Korean puppets. This year, the United States conducted the Foal Eagle-95 joint military exercise, a replica of the Team Spirit nuclear war exercise, for more than a month during October and November. It ceaselessly conducted nuclear war exercises for northward aggression under various names, constantly driving the situation of the Korean peninsula to a brink of war.

Even at this moment, the noise of gunfire from provocative war exercises aiming at an invasion to our Republic reverberates in the sky, on the land, and on the seas of South Korea. This eloquently proves that the United States is strengthening military threat, blackmailing, and pressure against us. Nevertheless, the United States talks about our military threat. This is as brazen-faced as a burglar accusing the master of theft.

The United States and the South Korean puppets have a craze for the war maneuver to invade our Republic, but rave about someone else's military threat. This is to justify their military maneuver to crush us with strength and a sophism to conceal their aggressive nature.

Some time ago, the U.S. bellicose circles raved about some missile threat and made a fuss about imposing stronger sanctions on us. The U.S. intention is obvious. The ugly and evil intention is to maintain their forces of aggression in South Korea and the neighboring regions, and using the forces to crush our Republic with strength so as to realize its ambition for invasion under the pretext of military threat. This virtually proves that the U.S. policy of strength and maneuver to crush the DPRK has not changed.

The United States is the one that signed the DPRK-U.S. agreed framework and announced the agreement to the world. The DPRK-U.S. agreed framework is at the stage of implementation. We even froze our nuclear program to implement the agreement. At such a time, should the United States continue to impose military pressure, while raising military threat and the nuclear issue, we cannot but reconsider implementing our obligations. Military threat and pressure is not the way to resolution, but would only drive the situation to a catastrophe [paguk].

If the United States truly has the will to improve relations with us based on the DPRK-U.S. agreed framework, it should abandon the maneuver to crush the Republic and throw away the adventurous war maneuver for a northward aggression. Along with this, it should not protect and speak for the Kim Yong-sam ring, a group of thieves stained with irregularities and corruption, or incite it to the road of reckless war. If the United States, in league with the South Korean puppets, continues to go on the road of war of northward aggression, it will be held responsible for all consequences.

Relief Goods Aiding Flood Damage Recovery*SK2012004795 Pyongyang Korean Central
Broadcasting Network in Korean
2110 GMT 19 Dec 95*

[FBIS Translated Text] Thanks to the benevolent politics of the great leader [widaehan yongdoja] Comrade Kim Chong-il, the people's life is being stabilized, and the work to recover from flood damage is rapidly being carried out in various areas of our country where the damage occurred. Under these circumstances, 1,118 tons of tetoron fibre worth 20 million renminbi yuan, the first of the relief goods worth 30 million yuan which the

Chinese Government decided to offer our country, arrived in Sinuiju on 16 December. The relief goods were transferred to the relevant officials of our country.

ROK Soldiers Urged To Support Reunification

*SK2012104395 Pyongyang Radio Pyongyang
in Korean to South Korea 0930 GMT 19 ec 95*

[Unattributed talk: "For Whom Do You Have To Shiver With Cold?"]

[FBIS Translated Text] Soldiers of the South Korean Armed Forces:

The cold winter has arrived. We believe the pains you are suffering when cold air is soaking into your bodies are indeed great. Truly, you have been subjected to physical and mental pains caused by various service works, arduous labor, various types of training, and punishment.

Nearly half of all accidents that occur within the puppet army take place during the winter. In view of this, winter days are indeed painful for you.

Of such pains, the pain you suffer after being driven into military training is the greatest. In a certain puppet army unit, atrocious officers indiscriminately drove enlisted men into the snow and ice hollows with their bare chests in a cold winter day on the pretext of so-called fostering cold-weather endurance. It was learned that as a result of this, as many as 30 soldiers of those who were driven into the training got frostbite.

In another puppet army unit, many soldiers fell off from a cliff in succession while participating in mountain training in cold weather, and lost their lives. In addition, 10-odd soldiers fainted and fell down and were evacuated to the hospital, thus causing a disaster.

The rascals also subjected soldiers to a training in which the soldiers had to advance under the water after breaking the ice. When soldiers go into cold waters by breaking the ice, gasping for air, to get out of the icy water, their whole bodies are almost frozen, and their hands and feet are ultimately paralyzed. As a result, they have difficulty moving. During this period, soldiers not only get frostbite but also lose their lives.

Soldiers of the South Korean Army are also suffering pains after being mobilized for various works. They have to spend nights on duty on the frozen land with an empty stomach. Their skin is frozen like ice and they finally lose feeling.

Moreover, soldiers who are on duty in rugged mountain areas along the frontline would easily fall off from the cliff if they miss their step even slightly. In these areas, drinking water is short, not to mention being able to

wash their face and taking a bath, and soldiers must wear dirty clothes for many days without washing them.

Besides, pains subjected to soldiers due to various works, including repairing roads and encampments, are indeed immeasurable. Pains of soldiers of the puppet army are also caused by unbearable war training conducted in cold weather, and by various other duties and works. Indeed, they are leading a cursed and painful life of slaves.

You, soldiers of the South Korean Armed Forces, for whom and for what are you shivering with cold and subjected to with Army life?

As you all know very well, the successive South Korean rulers have never paid attention to the destiny of the nation and people. They are a group of traitors who pursued only fascism, treachery, corruption, and irregularities for the sake of their own wealth and pleasure, and for their own power.

The rascals frantically opposed national reunification because they will never be able to oppress the people and to steal if the nation is reunified. They advanced along the road of artificially straining the situation.

The traitor Kim Yong-sam openly raved that he cannot shake hands with the North and wielded the bayonet against fellow countrymen when they were in misfortune. By resuming the Team Spirit northward aggressive nuclear war exercise together with the United States, he drove North-South relations into a worst phase, and claimed that the reunification under the so-called system of liberal democracy is his dream and goal. Thus, he undisguisedly advocated reunification through invasion of North Korea.

Even today, the traitor Kim Yong-sam is ceaselessly staging large-scale joint military exercises aimed at northward aggression together with outside forces, and is instigating officers and men of the South Korean Armed Forces to the fratricidal war.

You, soldiers of the South Korean Armed Forces, should know that being driven into war exercises, shivering with cold, against fellow countrymen, by following the order of traitor Kim Yong-sam, is the worst and disgraceful road, and is a criminal road.

The traitor Kim Yong-sam, being cursed by the people, has been thrown into a crisis. You should not share the destiny with the Kim Yong-sam group but should rise in the struggle for national reunification, the just and genuine path for the nation and for the people.

ROK Military Intentions, Maneuvers Denounced*SK1912040695 Pyongyang KCNA in English
0342 GMT 19 Dec 95*

["Reckless Campaign of Those Facing Crisis" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 19 (KCNA) — The South Korean authorities are aggravating the tense situation with a racket of inter-Korean confrontation.

The traitor Kim Young-sam held a "meeting of chief secretaries" at "Chongwadae [presidential offices]" on December 16, at which he let loose a string of bellicose remarks that "the army is in a perfect preparedness" as "the North has recently shown an ill-boding movement".

In the meantime, the puppet Joint Chiefs of Staff headquarters announced that "They are establishing an efficient system to cope with a crisis so that the army may immediately counter any military movement of the North", and the puppet Air Force chief of staff made public a "new air-control operation for defence" to strike the rear of the North, raising a war hysteria unprecedentedly.

This is an undisguised revelation of the criminal intention to justify their war provocation manoeuvres and ignite a war against the North at any cost on the pretext of its "military movement".

Another aim of the Kim Young-sam group in continuously advertising the "threat from the North" is to divert elsewhere the attention of the South Korean people, who are turning out in the struggle to overthrow the "civilian regime".

The Kim Yong-sam group must stop acting rashly, clearly mindful of the fact that rendering the situation on the Korean Peninsula to an acute phase of confrontation will precipitate their destruction.

Call To Liquidate 'Fifth, Sixth Republics'*SK2012104795 Pyongyang KCNA in English
0914 GMT 20 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 20 (KCNA) — South Korean public circles called for the liquidation of the "Fifth and Sixth Republics", according to reports from Seoul.

Some 500 academic, religious and legal figures in Taegu and North Kyongsang Province made public on December 16 a declaration calling upon the people in the regions to take an active part in the struggle to liquidate the "Fifth and Sixth Republics".

The declaration said that some forces of the "Fifth and Sixth Republics" have schemed for return to the past in Taegu and North Kyongsang Province and called for watching it with heightened vigilance and opposing it.

On the same day the opposition "National Congress for New Politics" urged the "New Korea Party" to make public and devote the fortunes given from the "Fifth and Sixth Republics".

Meanwhile, the General Student Council of Chonnam National University conducted a public opinion poll with reference to the punishment of those responsible for the Kwangju massacre among 1,900 students, most of whom called for sentencing the traitors Chon Tu-hwan and No Tae-u to death or penal servitude for life.

Kim Chong-il KPA Anniversary Marked Abroad*SK2012051795 Pyongyang KCNA in English
0345 GMT 20 Dec 95*

["Fourth Anniversary of Election of Comrade Kim Chong-il as KPA Supreme Commander Commemorated Abroad" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 20 (KCNA) — Celebrations have taken place in different countries on the occasion of the fourth anniversary of the election of the great leader Comrade Kim Chong-il as the supreme commander of the Korean People's Army [KPA].

A celebrating meeting was held in Moscow on Dec. 15 under the sponsorship of the Council of the Union of Communist Parties-the Communist Party of the Soviet Union.

In his report at the meeting, chairman of the council Oleg Shenin [name as received] said that the election of the dear leader Comrade Kim Chong-il as the supreme commander of the KPA on Dec. 24, 1991 is a particularly important event not only for the Korean people but also for the world revolutionary people.

He said:

"Dear Comrade Kim Chong-il is a great thinker and theoretician, outstanding and talented leader, military genius and great master.

"Today Korea is firmly defending its dignity under the pressure by the world imperialists, as its people uphold Comrade Kim Chong-il as their supreme leader and the supreme commander of the Revolutionary Armed Forces."

A celebrating meeting, photo exhibition, film show and lecture were held by the group for the study of the chuche idea of Kim Il-song-Kim Chong-il in Vienna,

Austria, and the group for the study of the *chuche* idea of Bulgaria on the same occasion.

Kim Il-song Portrait Hung in Office in Mexico

SK2012051595 *Pyongyang KCNA in English*
0343 GMT 20 Dec 95

[FBIS Transcribed Text] Pyongyang, December 20 (KCNA) — A ceremony for hanging a portrait of the great leader President Kim Il-song was held in the office room of the Mexican Union of Friends for the memory of President Kim Il-song on December 12.

Hanging in the office room was a painting of a rural village against the background of a rainbow inscribed in relief with the August name of President Kim Il-song and his proposition "believing in the people as in heaven."

The portrait of President Kim Il-song was hung on the front wall of the office room amid an enthusiastic applause of the participants and a basket of flowers was laid beneath it.

Addressing the ceremony, the chairman of the union said that the *chuche* philosophy founded by His Excellency President Kim Il-song is the guide to their political activities. The chairman expressed his determination to make a deep study of the profound idea of the *chuche* philosophy to disseminate it among the Mexican people.

Essay on Loyalty to Kim Chong-il

SK2012094195 *Pyongyang Korean Central Broadcasting Network in Korean*
1020 GMT 18 Dec 95

[Unattributed radio essay: "The Right To Live in Our Era"]

[FBIS Translated Text] All mankind ought to live a respectable and rewarding life and justly enjoy dignity and happiness. This is man's right of life, right of independence which cannot be yielded to or deprived by anyone else.

There is nothing stronger, more absolute, and more sacred in the world than man's desire and demand to secure and enjoy the right.

What is the valuable right to life in our times? What kind of man has the qualifications and right to live respectably in our times and can fully enjoy the value and honor of a true human being?

Our people — who, upholding the great leader Comrade Kim Il-song and the great leader Comrade Kim Chong-il, pioneered a new era of independent life and realized the most noble outlook on life for the first time in history — are proud people who answer with their life

experience and example this important question which the times ask and to which mankind seeks an answer.

1. Today we live in a dignified era, an era of independence where man's true life is in bloom. There has never been a time like our era, the era of independence in which the issue of the valuable right to life and the high demands for life for all people was brought up.

Looking back to the past, we find that the long history of mankind has been, in short, wrought with man's continuous exploration, quest, and fierce struggle to secure his true right and exercise this right. The liberation struggle of the oppressed working masses which rose up against the violence of enslavement in the medieval ages and capitalist oppression, the just resistance to defend the country and the nation from the imperialist aggression and plunder, and the grand creation and change for the prosperity and progress of mankind — all these were the struggle for man's right to exist.

The right to life has been defined differently from age to age. In different ages, there have been various assertions and views on the right to life — ranging from the definition of man as a being created by God and as God's servant whose destiny is predetermined by the will of God to a mystic outlook on life aimed at inducing the people's obedience and shackling them to the individualistic outlook on life pursuing man's right to the individual's right to freedom, right to equality, and right to property.

However, all of them only reflected the will of God, materialism, and the demands of the exploiting class. Therefore, the working masses were unable to fully enjoy the true right of man or to become the masters of their destiny.

The right to life is a vital problem of man's destiny, mankind's most universal and serious sociopolitical problem. There is no being more pitiable and unhappy than a man who was born a man but lost the right to live in his times and who cannot add luster to the value and dignity of man for the times in which he lives. A man in such a plight is as good as dead.

The history of man's existence and right to life has fundamentally changed its trend and direction in the era of *chuche*, the era of independence. The era of independence is the era in which the popular masses, who were driven out of history and forsaken, have emerged as the independent main force of history, and a new era in which people who were subjugated to others have risen as the masters of their destiny.

This era — which elevated man's position from an object of history which lives a simple life of obedience to his destiny to the controller of his destiny and the

destiny of the world — brings up the issue of acquiring a new outlook and position on life, new demands, and new rights suitable for such an era.

Then, what is the most valuable right which man of the era of independence ought to have? Where is the fundamental secret for fully enjoying it? We assert that it is the independent right which enables man to add luster to man's dignity and value in a most respectable manner, and that the fundamental demand, the foremost standard of this right lies in combining the leader and oneself into one living organism and being loyal and dutiful to the leader.

The great leader [yongdoja] Comrade Kim Chong-il has pointed out: If a person living in the era of the Workers Party of Korea [WPK] has no loyalty and filial piety, he is a person who has lost the right to live in our era.

The right to live in our era is a just qualification to pioneer one's fate in accordance with man's intrinsic demand to live and develop independently and creatively.

Man's life is independence, and man's highest right is the right to sovereignty. The right to sovereignty is the authority and position of being master of the world and of one's fate, and a qualification to justifiably realize man's will and demand.

A life in which one willingly submits to his adverse fortune and pursues only a pure physical life for existence can be maintained spontaneously, but man's happy life in which he independently pioneers his fate by placing life in high gear is not achieved naturally by anyone.

The strongest main force for pioneering man's fate in an independent era, it is a social and political organic body in which the leader [suryong], party, and masses are united as one, and the leader [suryong] is the brain and loyalist of this organic body.

When anyone establishes himself into this great organic body we can honorably occupy a position of independent existence, and only when we firmly link ourselves and the leader [suryong], which is the mother of our life, can we have the justifiable qualification to realize the demand for a high life.

Loyalty and filial piety toward the leader [suryong] is the most highly dignified life for man of the independent era. The leader [suryong] is a [word indistinct] of a great life in which he is the highest personifier of man's independence, forms the social and political organic body, and entrusts great vitality in this organic body.

If anyone parts from the bosom of the leader [suryong], a social and political organic body, they will lose the value of their existence and vitality, just like leaves that

have fallen from trees and just like tears of blood that have fallen from the heart.

There is no man in this world who [words indistinct]. The assessment of whether one has the position and qualification to live in this era is not determined by whether one has assets or whether one's position is high or low. People who most brilliantly pioneer their fate by making themselves into one community of fate through loyalty and filial piety toward the leader [suryong] by possessing the political life embraced by the leader [suryong], are people who have the highest qualification and right to live in our era.

If one is not able to unite oneself with the leader [suryong] and is not able to fulfill loyalty and filial piety toward the leader [suryong] while living in our era, such a life is emptiness, shame, and solitude, and such a person does not have a place to stand justifiably in the era or a personality to live a valuable life.

Comrade Cha Kwang-su, one of the young communists who elucidated a lofty life during the period of pioneering an independent era of our times, heroically ended his life at the age of 27. When the arduous year of 1932 was ending [words indistinct], in the primeval forests where there were no human traces, he was surrounded by the enemies. At this time, like a loyalist of the great Comrade Hanbyol, he resolved to commit suicide and did so. Thus, the last moment of his life was the moment when his dignity as a revolutionary and man rose to the highest height.

The days of carrying out revolution by being embraced in the bosom of the great Comrade Hanbyol lasted only five years, but during these days he elucidated life's great fighting spirit and honor which other people cannot possess even if they live 100 or 200 years. He also achieved first, and more than anyone else, the greatest qualification and right to live as a member of the era and nation.

He came to keenly sense the fortune of being the first-generation fighter of the great leader [suryong], the peerlessly great man in the era of chuche which has come at last. Thus, even in the last moment of his heroic life in the eyes of the enemy, he loudly shouted, "Oh, Hanbyol! I now depart. Our fellow countrymen can never live without you!"

Standing at death's door, he left a touching testament, like a teaching to all future generations, on man's valuable right to life.

One should remain loyal to General Kim Il-song, our great comrade. This loyalty ought to be honor, conscience, creation, and passion before being regarded

as an obligation. One should heartily accept it as the most valuable and precious thing in one's life.

A man cannot be said to be truly alive merely by being able to look up at the sky and farm the land. A man is not meant to be living in the era only with his heart beating, with his blood flowing, and with his mouth breathing. A man with great wealth and high social position alone cannot be said to be fully qualified to live in this time.

Even if a man lived a short life without comfort and luxury, a man who filled his life with loyalty to his leader [suryong] and leader [yongdoja], who went ahead of others in terms of the strength of his loyalty, although he remained nameless and his position was low, if he is alive in the people's heart as an example of loyalty, even if his heart had stopped and his blood cooled, he can be said to be a man of noble character in our era and a man with a dignified position and the right to enjoy the most valuable life and happiness.

The new concept of mankind's right, viewing the leader as the kernel, has newly elucidated the motto of a valuable life in the era of independence and a milestone of life. Thus, the concept has a universal significance in the struggle for worthwhile life.

The value, character, mental facilities, and traits of each individual person, as well as the level of development and genuine shape of a society, are to be evaluated in accordance with to what degree he accepts and enjoys the right of loyalty to uphold the leader [suryong].

Our people — the creators of the new right in the era of independence — have become forerunners who, at the van of others, pioneer the noblest and most beautiful life in history. From the height of our people's outlook on life, mankind could see the genuine humanity of the future society, and sought coordinates in life, struggle, and livelihood.

2. The right of loyalty is a most glorious and sacred right of our era which only the fighters embraced in the leader's bosom can cherish and enjoy.

The valuable right of loyalty is a new social and political discipline in the era when there is the great leader [suryong] and loyal people and when the blessings in having the leader and the people are blooming together.

Our era is the era of the great man when we greeted the most outstanding leader in history and is the era of the great Kim Il-song.

Our people, who were born and are living in this era, are the happy people who are enjoying a most beautiful and noble life by assuming worship of the great man and loyalty and faithfulness as the primary right.

The Korean communists and people came to keenly realize that only when they follow the leader [suryong] in the days when they loyally and faithfully uphold the great leader Comrade Kim Il-song, the peerlessly great man born by mankind, and the respected and beloved Comrade Kim chong-il, can they live an honorable life and seek the highest dignity and happiness of independent mankind.

The leader of the revolution is in the absolute height in terms of authority and position. Only when each one of us follows and worships the leader can we realize the great idea of the era of independence and only when we render loyalty and filial piety to the leader can we enjoy the greatest honor, value, and happiness amid the love and trust of the leader. Only when we are embraced in the bosom of the leader can our eternal life bloom.

The greatest character of a man in the era of independence is to assume the leader's revolutionary idea as his faith. The era of chuche newly expounded that the most precious right of mankind is the right to have ideology. Independence is the ideological emancipation of mankind. Exercising the right for independence is to arm oneself with the idea of independence and to act on this idea. The highest value and character of mankind in our era is to have a genuine ideology.

Nothing is more beautiful for mankind than the revolutionary idea and no strength is mightier and no authority is higher than the noble idea. No matter how great may be the wealth and pleasure one enjoys and no matter how brilliant the position and power one may hold, one would become a mental beggar and a selfish fellow [songmul] of the time, if one's ideology is vulgar and destitute.

It can be said that the ideological elements are the ones who enjoy the valuable right to live in our times. Ideological poverty and spiritual emptiness constitute the greatest deprivation of rights. Only the great leader [widaehan suryong] of the revolution can present the acme of ideologies that endlessly escalates human rights and dignity. The leader [suryong] is the highest head of the revolution who gives the popular masses independent ideological consciousness, as well as a great father who causes human dignity and creativity to blossom with a revolutionary ideology.

The great leader [widaehan suryong] Comrade Kim Il-song is a master of ideology and teacher of mankind, who founded the immortal chuche idea, the acme of ideologies in human history. Our respected and beloved [kyongachanun] General Kim Chong-il is an extraordinary ideologist and peerless wise man, who moves Korea and the world with the chuche idea. [music]

The depth of the personality of our leader [suryong] and general is reflected by the depth of their philosophy and ideology. One can reach the acme of ideologies and truth, and possess the eminent qualification and personality to live in the era of independence when one is armed with the great chuche idea that our leader [suryong] seeded and cultivated, and our general brought to fruition.

There is no happier moment than when one feels that one's mind thinks with the leader's [suryong] ideology, and one's heart beats with the leader's [suryong] pulse. Comrades, a truly human ideology does not know of death. Please hold higher the general's banner that we have upheld, the banner of the chuche idea. This is what the South Korean revolutionary Comrade Kim Chong-tae said with faith on 10 July, 1969, as he was being sent to the execution ground. Only those who burn their entire hearts with the leader's [suryong] revolutionary ideology are qualified to make such an exclamation.

By upholding great Comrade Kim Il-song as the leader [suryong] and becoming the respected and beloved [kyongaeahanun] general's loyal fighters and disciples, our people have gained the privilege and benefit to arm and blossom before anyone with the immortal chuche idea that the entire world reveres. As we have armed ourselves with the chuche idea, our fatherland has become a strong country of ideology, and our people have become a strong people of ideology who have the eminent qualification and ability to pioneer the era of independence. This was the source that enabled our people to create a new historical concept of the utmost right to life based on the leader-centered [suryong] theory.

To be trusted and loved by the leader [suryong] is the greatest joy and the happiest right an independent man of our times can enjoy. Love is the mental pillar that holds human hearts. Love is man's inherent desire to live as a stronger being. For man, there is no source of greater pride than to be loved by a great man. Before the era of independence, an individual's liberty and equality was the condition for social relations. In our times, when the leader [suryong] and the masses form a sociopolitical organism, the principle of love and trust is the basic criterion that guarantees man's social position and personality. Love and trust is superior to liberty and equality. Living in our times, those who are outside of the collective love and trust are mere socially abandoned solitary beings. As men of our times and as revolutionary fighters, the utmost love and trust is the love and trust given by the leader [suryong].

The leader's [suryong] love and trust are the motive power of living and the battery of life which rally

every individual into a social collective, bestow position and personality for a dignified life upon him, and lead everyone to reach the peak of happiness and glory.

The leader's [suryong] love and trust are the greatest glory and happiness that only those revolutionary fighters loyal and dutiful to the leader [suryong] can enjoy.

Our leader [suryong] and the respected and beloved general whom the people of the world are unanimously applauding are the very highest pictures of great love and benevolence to whom all human beings feel like entrusting their all.

Where the respected and beloved general's love is extended even a road leading to hell is changed into a road leading to paradise, and a general district is changed into a sacred district. When one is blessed with the respected and beloved general's love and trust, one can cultivate flowers even on ice, create something out of nothing, and reach the highest peak of a most brilliant life.

Here is the heartfelt confession of a revolutionary fighter who has worked at important party and state positions for a long time amid the great leader's [suryong] special favor and the respected and beloved general's great trust. He says this: I have led my whole life amid the fatherly leader's and the great general's love. But, the position, honor, and wealth I had were not my happiness. My greatest happiness in my life is that I have been blessed with the great general's love and trust. I have been deeply impressed by his mysterious appearance, and I have been blessed with his love to my heart's content. Therefore, even if I become dust and dirt after I die I will have no grudge to harbor.

This is indeed a remark full of loyalty and happiness. In today's world where love and humility have been completely obliterated by all sorts of falsehood, sophistries, and hatred toward human beings, it is indeed glorious for us to uphold a great man and a matchless and iron-willed person, like the respected and beloved General Kim Chong-il, as our leader [suryong], to exchange tender feelings and love with him, and to share our destiny with him.

The human being's value in our society is the value of political trust given by the leader [suryong]. However he leads an affluent life and however he has a high honor, a human being is nothing but a worthless and trifling being if he is separated from the leader's [suryong] trust.

One comes to feel dignity and honor when one is blessed with the leader's [suryong] trust and love, and one comes to have a sense of futility and a sense of shame when one betrays the leader's [suryong] trust and love.

The leader's [suryong] trust and love cannot be assessed by money. They also cannot be gained through an official post. They can be gained only through the single mind of loyalty and filial piety devoid of hypocrisy and betrayal.

Our people have become the people who are bringing their noble life into full bloom amid the great love and trust of the leader [suryong] with their loyalty and filial piety to him. Our people have become the noble nation and happy fighters who are demonstrating the dignity of being the sons of the sun in the bosom of the sun forever.

Eternal life is the highest right to survival that independent human beings of our times can enjoy. When fighters are loyal and dutiful to the leader [suryong], they can have the rights to live eternally.

The rights of loyalty is precisely the rights to live eternally. Eternal life was the human being's century-long dream. The era of independence has elucidated the road of eternal life through science by expounding anew the principle of social and political life.

The eternal life of an independent man is given by the leader. Although the physical life of an individual is limited, the sociopolitical living organism centered around the leader lives forever.

A fighter can only receive the precious political life, the eternal power of life, by being embraced in the bosom of the leader, the motherly body of the sociopolitical living organism. Only then can he add luster to the valuable life which lives forever even after his death.

The true length of life is not measured by physical age. A man who leads a valuable life lives in such a way that his political age becomes infinite although his physical age is short. The length of man's physical life is measurable, but the length of man's political life is immeasurable.

The ages inscribed on the half-length statues and the tombstones of the revolutionary martyrs standing with a feature of eternal life at the Taesongsan Revolutionary Martyrs' Cemetery show that they were all in their twenties and thirties. Although they died long ago on the sacred road of the *chuche* revolutionary cause, they live and shine with young age in the hearts of the people today.

They are the virile sons of the era of independence who enjoy the right of eternal life by devoting themselves with loyalty to the leader as the leader's fighter and the model of loyalists who live and shine today by the longevity of political life.

Eternal life is not a simple nature of life. The fighter's eternal lives dwell in the heart and memory of the leader. The life which is left behind the times, the life which is ignorant of the leader, and the selfish life disappear like wind with the death of the body, and no one remembers it.

The length of eternal life is the height of loyalty and filial duty. The noble life, which fills one's life with loyalty and filial duty, and which, therefore, the leader remembers forever, is the everlasting life which does not perish with the passage of the times.

The bosom of the respected and beloved General Kim Chong-il is the bosom of eternal life, the great bosom which enables one to stay young forever sociopolitically although one's physical life may be short. Therefore, our people wish to live in the heart of the general even if they live only a short while and to shine like a star in the memory of the general even if one loses one's life.

The respected and beloved general is a benefactor who opened a wide avenue of the everlasting life of the independent man, and our people are proud people who realized on the road of loyalty and filial duty the dream of eternal life which mankind yearned for through the century.

Loyalty—which enables man, a revolutionary, to have a dignified ideology, to receive noble love and belief, and to add luster to the everlasting life—is the right of life of the great life of our times created by the Korean communists and people who established the absolute trust in the leader of the revolution and the *chuche* outlook on ethics and morality and have pioneered mankind's history, the new history of upholding the leader.

The right of loyalty is a noble and precious spiritual creation of our times left for mankind and for generations to come, and the lasting assets ensuring the eternal prosperity of the Kim Il-song nation.

3. The right of loyalty is our everlasting revolutionary philosophy and the banner of everlasting victory.

The Korean revolution, which was launched in Paektu, is the revolution which brought forth unity with the loyalty to the leader and achieved epochal change pioneering through the long road of bloody battles with loyalty for so many years from the first pioneering day to today, and it is the great revolution which will be victorious forever with the might of loyalty.

Loyalty is the bloodline, the fountain of eternal prosperity and happiness, and the mightiest weapon we have. The Korean nation should hand down the loyalty for

generations. Let us more vigorously adhere to loyalty and filial piety on a higher stage as the right to live.

The era of loyalty and filial piety created by our nation was, is, and will be great forever. Let us further glorify the right to be loyal to the great leader [widaehan suryong] in our era led by the respected and beloved General Kim Chong-il.

When we firmly defend and honorably enjoy the sacred right to devote all loyalty to the great leader [widaehan yongdoja], our unity will be stronger, our revolution will be ever-victorious, and our lives will shine forever. The right of loyalty is a revolutionary right we defend to maintain our revolutionary conscience and fidelity in the acute class struggle in which one hurts the other, and in the fierce struggle between revolution and antirevolution. We do not conceal that we are (?strong). We make clear the independent position and revolutionary principle in the struggle to win the right to live.

The imperialists and all sorts of reactionaries of history are trying to deprive us of and hinder our beautiful and divine right to live with their extremist man-hating ideology and rotten preach on mammonism. However, no matter how the enemies of revolution, who have become the trash of history, exert their last-ditch efforts, they cannot darken our great reality filled with loyalty and filial piety, or mislead the general trend of our era in which people honorably and independently cultivate their own destiny with loyalty toward the leader.

In the uncompromising struggle against the old and worn-out things that run counter to the era of independence, in the struggle against all reactionary ideologies and trends, and cheap value of life that conflict with our sacred ideology of life, and in the cruel confrontation with all ideological and class enemies who try to harm our destiny and sacred life, we more firmly hold on to the valuable right of loyalty and devote our lives to defend the right.

History impeaches the traitors to the revolution who lowered the red flag that they held up for decades, and who deserted the ideology and cause of the leader [suryong], saying that the revolution is too difficult. Those who betrayed the fatherland do not have the right to be patriotic. Those who go back on the sacred rights entrusted by the era cannot have a foot in the flow of the times. Traitors of the revolution are not only those who betrayed the revolution, but are also pitiful and poor beings who are deprived of the right to love the fatherland, the right to be loyal to the leader [suryong], the right to live in our times, and all human rights.

The sky and earth may reverse thousands of times, but we only follow our leader [suryong]. Our people are a people who seek the value and honor of life in upholding our leader [yongdoja], not wishing for any wealth or honor, a people who do not become subservient at the point of the enemy's gun, and who know how to die a heroic death, shouting long live the great leader [suryong]. [music]

The leader [suryong] is the root of our lives. Loyalty is the utmost right to live an independent life that we cannot concede to anyone. Great [widaehan] General Kim Chong-il. We absolutely worship and faithfully follow the great general, who is the saviour of mankind's destiny. Our DPRK people are a galaxy of loyal stars of our era, which bear the faith that without him, there is no fatherland, and there is no life for the people. For the fatherland and for true life, we have become General Kim Chong-il's fighters. [music]

Great Comrade Kim Chong-il. He is the only one we have the mission to struggle for. He is the only one worth living for. He is the only we have the honor to die for. He is the father of our life. [music]

Nothing can damage the sublime charm and glory we can have as human beings or the right to live our valuable lives as the leader's [suryong] soldiers, and no one can deprive us of them. If someone tries to purge our sublime title as the leader's soldiers and aims at the leadership of the revolution, which is a symbol of all our victories and our destinies, with the brunt of an attack, we will brand it as the greatest enemy against our lives that threatens the existence of the nation and tries to cut out our hearts and will take the field of the life-and-death war [pangari kyolchon] against it; all the people become rifles and guns to brutally punish it.

An anti-imperialist fighter said that those who attempt to rob their fatherland can only take dust from the bloody land. If they dare to attempt to damage our sublime fortress of socialism and the harmonious nest of our lives centering around the leader [suryong], the imperialist enemies would not be able to take even bloody dust from this land, and we will put a permanent end to their destinies.

Protecting and defending the leader [suryong] is the greatest right of our age that we cannot concede even to the slightest degree or miss even for a moment, and it is also the most sublime slogan of our lives. Our minds are the mind of Kim Hyok who devoted himself to protecting the leader's [suryong] safety without hesitation, as well as the mind of O Chung-tae who defended the safety of the command to the last by leading his regiment surrounded by the enemy. It is a faith and creed of our people and the People's Army

to follow the Seventh Regiment in Mt. Paektu which is still standing before our ranks.

The single-hearted body of the leader [yongdoja] and the people who are united in idea, will, and the demand of life! There is none in the world who can match our mighty people who have become fortresses, rifles, and guns that death-defyingly protect the great general according to a sublime order of the times.

Today's struggle between socialism and capitalism is confrontation between the two ideologies and between the two systems, as well as the harshest struggle between the enemy, who tries to deprive people of the right to live, and the independent people who try to keep it. The life-or-death confrontation. No confrontation is more fierce than this. This is a great all-people and all-nation war [choninminjok chonminjokchogin taegyo]lchon].

We uphold the banner of the chuche idea and the red flag of the revolution for our brilliant lives, and are faithfully fulfilling our loyal and filial duties for the great general, firmly united around him, for our beautiful lives.

Chuche is the way we live; socialism is the way we live; and the fatherland's reunification is also the way we live. We are not afraid of a struggle for the right to live. There might be something mighty in the world that can break the earth, but there is no might that can block man's aspiration and demand for the protection and practice of the right to existence. No stormy wind of history or strong imperialist enemy can ever break off our people's faith and will to achieve the prosperity and development of the fatherland and the nation while walking along the single road of faithfully following the great leader [yongdoja] General Kim Chong-il and to glorify human beings' valuable lives on the road.

Let us all uphold great Comrade Kim Chong-il as the sun of life, eternally enjoy the right to loyalty, the primary right of independent human beings, and greet a new morning following the fatherland's reunification and the victory of the chuche cause while living our valuable loyal lives. Let us walk along the single road of loyalty and filial piety forever for the right to live. [music]

Art Display Marks Great Leaders' Anniversaries

SK2012052095 *Pyongyang KCNA in English*
0350 GMT 20 Dec 95

[FBIS Transcribed Text] Pyongyang, December 20 (KCNA) — An art exhibition opened on the occasion of the fourth anniversary of the election of the great leader Comrade Kim Chong-il as the supreme commander of the Korean People's Army and the birth anniversary of

Comrade Kim Chong-suk, an indomitable communist revolutionary fighter.

On display at the exhibition hall are more than 50 fine art pieces dealing with the revolutionary activities of the respected supreme commander Comrade Kim Chong-il, who is successfully carrying forward the great leader President Kim Il-song's cause of army building and the undying exploits of Comrade Kim Chong-suk, an indomitable communist revolutionary fighter.

Among them are a work of art showing the tender-hearted respected supreme commander visiting an unknown post in the thicket of pine trees on the morning of an auspicious new year's day to congratulate the soldiers and other works vividly showing the undying leadership exploits performed by him in strengthening and developing the Revolutionary Armed Forces into an invincible army.

Works depicting the noble traits of Comrade Kim Chong-suk well show how a revolutionary soldier who remains loyal to the leader with singleheartedness should live and struggle.

Kim Ki-nam, secretary of the Central Committee of the Workers' Party of Korea, delivered an address at the opening ceremony held at the Korean art gallery on December 19.

Art Representing Kim Chong-suk Virtues Created

SK2012111095 *Pyongyang KCNA in English*
0922 GMT 20 Dec 95

[FBIS Transcribed Text] Pyongyang, December 20 (KCNA) — Art works representing the energetic revolutionary activities and noble communist virtues of Comrade Kim Chong-suk [Kim Chong-il's mother], an indomitable communist revolutionary fighter, were created by the Mansudae Art Studio.

The art works vividly portray the impressive life and revolutionary activities of Comrade Kim Chong-suk, who was intensely loyal to the great leader President Kim Il-song in one mind during the anti-Japanese revolutionary struggle and devoted tireless efforts for the happiness of the people, upholding the president's plan of building a new country after the liberation.

The Korean painting "Unforgettable New Year Day" vividly represents the look of Comrade Kim Chong-suk, who is sharing joy of New Year Day with pupils of the Mangyongdae Revolutionary School in front of the president's native home in Mangyongdae, together with the great leader.

Also produced by the studio are art works on the three great persons, three generals — the great leader Presi-

dent Kim Il-song, the great leader Comrade Kim Chong-il and Comrade Kim Chong-suk, an anti-Japanese heroine, who are standing together.

Typical of them is the work "February Holiday With Country's Liberation at Hand".

Delegation on Reactors Negotiations Returns

*SK2012102095 Pyongyang KCNA in English
1007 GMT 20 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 20 (KCNA) — The delegation of the Democratic People's Republic of Korea which had participated in the working-level negotiations for an agreement on the provision of light-water reactors between the DPRK and the U.S.-led Korean Peninsula Energy Development Organization (KEDO) held in New York arrived here today.

The both delegations had negotiations on the provision of light-water reactors according to the DPRK-U.S. agreed framework dated October 21, 1994 and the DPRK-U.S. joint press statement dated June 13, 1995 and signed the agreement on December 15.

Senior Officials Attend Anniversary Performance

*SK2012104095 Pyongyang KCNA in English
0918 GMT 20 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 20 (KCNA) — Senior officials of the party and the government appreciated a performance of workers' art circles from across the country on December 19 on the occasion of the 50th anniversary of the formation of the General Federation of Trade Unions of Korea.

Appreciating the performance were Pak Song-chol, member of the Political Bureau of the Central Committee of the Workers' Party of Korea [WPK] and vice-president, Choe Tae-pok, alternate member of the Political Bureau and secretary of the WPK Central Committee, and other party and government officials as well as working people in the city.

The performance began with the poem and chorus "50th Anniversary of Victory".

In poem, song, dance and other art pieces, the performers vividly showed the 50-year-long course of victory and glory covered by the trade unions, mass political organisations of the working class, under the wise guidance of the great leader President Kim Il-song and the great leader Comrade Kim Chong-il.

The dialogic poem "Ours Is a Society for the Working Class," the instrumental music and drum homophony "When the Party Is Determined, We Carry Out Anything," the dance "We Believe in You as in Heaven"

and other pieces eloquently showed the pride and honor of the Korean working class, which is demonstrating its might as the hardcore unit of the revolution, holding the great General Kim Chong-il in high esteem in the van.

The performance ended with the poem and chorus "We Will Uphold the Red Flag of the Revolution to the End".

It vividly showed the unshakable faith and will of the entire working class and people to accomplish the revolutionary cause of chuche under the leadership of respected General Kim Chong-il, true to the behests of the fatherly leader President Kim Il-song.

South Korea

U.S. Reportedly To Increase Agriculture Pressure

*SK2012024395 Seoul THE KOREA TIMES in English
20 Dec 95 p 8*

[FBIS Transcribed Text] The United States is poised to step up trade pressure upon Korean agricultural and fishing markets, as five U.S. relevant organizations like the California Avocado Commission have complained strongly about Korean trade practices to the Office of the U.S. Trade Representative (USTR).

The organizations have filed complaints with the USTR about what they claimed to be unfair trade practices by Korea, the Korea Foreign Trade Association's (KFTA) branch office in Washington said yesterday.

The five are the California Avocado Commission, California Kiwifruit Commission, Alaska Seafood Marketing Institute, California Cling Peach Advisory Board and U.S. Mink Export Development Council, the KFTA office said.

With this, the number of U.S. companies and organizations which have come forward in connection with the USTR's formation of a National Trade Estimate (NTE) report on Korea's trade practice has increased to 18. Among them the number of agriculture and fisheries-related institutes is seven.

The California Avocado Commission complained that Korea imposes high tariffs on all avocado imports, despite the fact that avocados are not grown in Korea.

It also asserted it is inappropriate for Korea Plant Protection and Quarantine to require methyl bromide fumigation and quarantine inspection of every shipment of fresh avocados.

The California Kiwifruit Commission, representing 99 percent of all U.S. kiwifruit production, is upset that access to fresh kiwifruit is restricted by an excessive tariff of 50 percent ad valorem.

It said that Korea's Uruguay Round commitment to bind the tariff at 45 percent is a minimal reduction and its effect is minimized by a ten year phase-in period.

The state's Cling Peach Advisory Board also complained that the currently applied Korean tariffs on both canned peaches and fruit cocktail are an excessive 50 percent.

The Alaska Seafood Marketing Institute, for its part, raised the issue of lengthy clearance procedures.

Complex Korean quarantine and customs clearance procedures effectively limit imports of U.S. seafood products to the Korean market. Seafood must pass through strict clearance procedures, a process which can take up to seven days, seriously affecting the quality and commercial value of the imports, the institute said.

The U.S. Mink Export Development Council complained that the Korean government imposes a discriminatory tax system on mink garments targeting higher-priced U.S. ranch-raised mink.

A 25 percent special excise or luxury tax (reduced from 60 percent on Jan. 1, 1995) is assessed on the value of mink garments over 1,240 dollars or one million won, the organization said.

North 'Concerned' About U.S Diplomats Exchange

*SK2012082995 Seoul KBS-1 Radio Network
in Korean 0800 GMT 20 Dec 95*

[KYODO/YONHAP report from Washington]

[FBIS Translated Text] A diplomatic source said on 19 December that North Korea recently expressed reluctance to exchange liaison offices with the United States. The diplomatic source added that it appeared that the North Korean leaders are concerned about direct contacts between U.S. diplomats and North Korean people once the U.S. liaison office opens in Pyongyang.

130,000 DPRK Citizens on 'Verge of Starvation'

*SK2012000695 Seoul TONG-A ILBO in Korean
19 Dec 95 p 9*

[YONHAP, AFP, REUTER from Beijing]

[FBIS Translated Text] Pierre Kalbipariseti, [name as transliterated], head of the International Committee of the Red Cross delegation that was visiting North Korea, stated on 18 December that due to the flooding in August, approximately 130,000 North Koreans have been on the verge of starvation over the past five months, having not been provided with food.

In a news conference that day, Kalbipariseti, who returned to Beijing after investigating the North Korean

flood situation over the past two months, said: "Of 500,000 flood victims, approximately 130,000 have not been provided with the minimum amount of 200 kg of food per household over the past five months. Therefore, they are now on the verge of starvation."

He stated that to help them overcome mass starvation, we should provide North Korea with 2,000 tonnes of grain every month until October 1996, the month they harvest rice.

Commentary Views DPRK Energy, Food 'Crisis'

*SK1912061195 Seoul CHUNGANG ILBO in Korean
18 Dec 95 p 5*

[Commentary by Kim Kyong-won, head of the ROK Academy of Social Sciences: "What Should We Do for North Korea?"]

[FBIS Summary] "It is certain that the North Korean system, that is, 'socialism of our own style,' is falling down." Observers believe "the food and energy crisis North Korea will face this winter will be more serious than ever." By the way, "Kim Chong-il's agony lies in the reality that there is no way to rehabilitate the North Korean economy." Kim Chong-il views "the economic reform and opening will not immediately improve the economic situation." It would be difficult for Kim to maintain power if his attempt to reform the economy even worsens the current economic situation. For instance, Russia and East European countries boldly attempted to reform their economy five years ago, but they face a greater difficulty now.

Receiving any compensation from Japan is "the only way to improve North Korean economic situation." It seems that Kim Il-song attempted to normalize relations with Japan several years ago with an "economic motive." At that time, North Korea might realize that it would be difficult to normalize North Korea-Japan relations without improving relations with the United States. "Since then, North Korea has made every possible effort to approach the United States by using the nuclear weapons issue. However, North Korea appears unaware that the improvement of its relations with the United States will have limits unless it improves relations with the ROK."

With an aim to "alienate the ROK from the United States through improving its relations with the latter," North Korea "shows a hostile attitude toward the ROK while showing a relatively reasonable attitude toward the United States."

"Under these circumstances, what should we do with North Korea? First, we have to cope with North Korea's possible provocation. At the same time, we cannot but

consider the fellow countrymen in North Korea who face great difficulties." However, "the government's rice aid out of sympathy has resulted in hurting our people's feelings" because North Korea showed "a more hostile attitude" following our rice aid. Under this situation, it is difficult for our government to continue providing food aid to North Korea.

There are two things we have to consider. First, if we seem to oppose providing support to North Korea, the fellow countrymen, we may give a bad impression on the international community. Second, if North Korea really falls down, what will happen?

"Of course, our emergency aid could not prevent North Korea from collapsing. However, it is important for us to do what we have to do under the present conditions." While the situation does not allow the government to directly help North Korea, "it is undesirable for civilian organizations to competitively attempt to support the North on their own because it may cause confusion." "We may consider creating a single non-government channel through the Korean National Red Cross or a federation of civilian organizations."

"The North Korean issue is indeed complicated. Neither a sentimental pacification policy nor an emotional confrontation policy can help resolving the issue. What we need now is a flexible attitude of doing small things we can do calmly and sincerely."

WFP Closes Pyongyang Office From Lack of Food
SK2012040795 Seoul SEOUL SINMUN in Korean
20 Dec 95 p 2

[FBIS Translated Text] Trevor Page [name as transliterated], head of the Pyongyang office of the World Food Program [WFP], said on 19 December that despite the serious North Korean food shortage, the WFP has closed its office in Pyongyang because there is no food to provide to North Korea.

In a news interview with AFP over the telephone that day, he said: "The WFP will close its Pyongyang office because there is no food to be provided to the starving North Korean residents." He also said that of four employees, three, including himself, will leave Pyongyang on 20 December, and the other employee will remain in North Korea until mid-January 1996.

PRC Help Asked Urging North To Resume Talks
SK2012120395 Seoul YONHAP in English
1146 GMT 20 Dec 95

[FBIS Transcribed Text] Beijing, Dec. 20 (YONHAP) — National Assembly Speaker Hwang Nak-chu, now on an official visit here, met with Qiao Shi, chairman of the

Standing Committee of the National People's Congress, at the Great Hall of People Wednesday afternoon to discuss ways to further promote bilateral cooperation between the two countries.

Hwang flew into here Beijing earlier in the day at the invitation of Chairman Qiao.

During the meeting, Speaker Hwang, while noting that North Korea has lately built up arms along the truce line, asked China to cooperate in the efforts to have North Korea return to the table of dialogue.

The speaker also called for China's affirmative consideration of the South Korean plan to set up a consulate general in Shenyang.

To cope better with yellow dusts and other pollution problems originating in China, Hwang proposed the creation of a Northeast Asia Parliamentarians Environmental Committee at the two countries' parliaments.

Chairman Qiao said he hopes that South and North Korea will expedite mutual exchanges and resolve their internal problems in sound and amicable relations.

On the issue of a Korean consulate general in Shenyang, Qiao said he expects all questions will be realized steadily through negotiations.

"The meeting was significant in that the two parliamentary leaders neared an accord on a set of issues pending between the two countries," Yi Hyon-ku, chief secretary to Speaker Hwang, said.

Kim Inspects Western Frontline Near Panmunjom
SK2012023595 Seoul THE KOREA TIMES in English
20 Dec 95 p 2

[FBIS Transcribed Text] President Kim Yong-sam yesterday said that the South Korean-U.S. allied forces are watching North Korean military movements around the clock to deter possible armed provocation.

Visiting an Army unit on the western frontline near Panmunjom yesterday morning, Kim said, "We will not launch a preemptive attack on the North. But if the North recklessly tries to provoke us, we will crush it. We are fully prepared to counterattack."

This is the strongest warning against the North ever made by the President in connection with the recent extraordinary military movements by North Korea.

Noting that North Korea has recently made a forward deployment of more than 100 attack aircraft and other military equipment near the demilitarized zone, Kim said, "The ROK-U.S. forces are watching their movements very closely and taking countermeasures in preparation for all possible forms of provocation. Should they

miscalculate and seek to provoke us, we will deal them a devastating blow."

Kim asked Army officers and soldiers guarding the western frontline not to loosen their watch even for a fleeting moment, saying, "Nobody knows what action North Korea, now in extreme hardship, will take out of desperation."

"We must take every precautionary step to deter war and maintain peace on the Korean peninsula," the Chief Executive said.

After being briefed on North Korean military movements by a battalion commander at a mountain observatory, Kim visited a military barrack and chatted with members of a reconnaissance platoon.

A battalion commander briefed Kim, noting that there has recently been a marked increase in slanderous broadcasts and construction of anti-tank and other battleground facilities in the North.

During a visit to an apartment for non-commissioned officers in Munsan, Kim promised to exert very effort to improve the welfare and quality of life of NCOs and their families.

During his frontline tour, Kim was accompanied by Defense Minister Yi Yang-ho, Joint Chiefs of Staff Chairman Gen. Kim Tong-chin, Army Chief of Staff Yun Yong-nam and 3rd Army Commander Gen. To Il-kyu.

After returning to Chongwadae, President Kim had a luncheon meeting with Seoul Mayor Cho Sun, to whom he explained his ongoing work of righting the wrongs of history and eradicating the vestiges of past military rule.

DPRK Moves 'Intended To Pacify North Koreans'

SK2012044895 Seoul YONHAP in English
0434 GMT 20 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 20 (YONHAP) — Unification Minister Na Ung-pae expressed a hope Wednesday [20 December] that North Korea will try to help ease tensions on the Korean peninsula so that the South can offer financial support and economic cooperation.

"So long as the current strained inter-Korean relations persist, there are limits to the financial support and economic cooperation we can extend to North Korea," Na said, adding, that "corresponding efforts are necessary on the part of the North."

Na made these remarks hours before he was named the new finance-economy minister, in a lecture on the "Direction of North Korean Policy for Improved Inter-

Korean Relations" at a Korean Standards Association breakfast meeting sponsored by the Shilla Hotel in downtown Seoul.

With regard to the government's policy on business ties with the North, Na said, "It is necessary that we maintain a balanced and harmonious relationship with our confrontational rival to the North, in recognition of our future unification." He asked businessmen pursuing ventures in the North to keep this reality in mind.

Commenting on increasing fears that the North might provoke the South, that stem from the recent infiltration of armed North Koreans and the deployment of military aircraft to the demilitarized zone, Na explained, "These steps were intended to pacify the North Koreans and confuse us...no serious worries are warranted."

Since Nov. 9 last year when the government gave the green light to economic contacts with the North, trade between the two Koreas has reached 280 million dollars. 124 businessmen from 24 South Korean firms visited the North as of Dec. 15, Na disclosed.

Kim Chong-il Said Ill; Military Said in Control

SK2012034795 Seoul SEOUL SINMUN in Korean
20 Dec 95 p 3

[FBIS Translated Text] It has been observed that since North Korea's Kim Chong-il is suffering from a serious illness, the power holders of the North Korean party's Military Commission are in reality leading North Korea, using Kim Chong-il's name with Kim acting only as a figurehead.

In this connection, a high-ranking ROK official from political circles well-versed in North Korea's military affairs, said on 19 December: "It seems that since Kim Chong-il is truly suffering from a serious illness, the 12 members of the Workers Party of Korea Military Commission have seized real power."

This source revealed as such by quoting the words of a Korean-American with U.S. citizenship who recently visited North Korea and met with high-ranking North Korean officials. The source then said that "due to Kim Chong-il's serious illness, it seems that the Kim Chong-il system will hold out for only about two or three more years."

An ROK government official also said: "I heard from some of Japan's intelligence authorities recently that 'because of chronic diseases such as epilepsy from which Kim Chong-il is suffering, the power holders of North Korea's military are exercising real power by borrowing Kim Chong-il's name, and currently they are in reality restraining Kim Chong-il.'"

North Korea 'Holding Secret Meetings' With Peru
SK2012054995 Seoul CHOSON ILBO in Korean
20 Dec 95 p 9

[YONHAP from Washington]

[FBIS Translated Text] The WASHINGTON TIMES reported on 19 December that the South American country of Peru, irritated by Ecuador's military reinforcement, was holding secret meetings with North Korea to purchase Scud missiles. Citing a U.S. intelligence source, the paper reported that Peru will invest \$50 million and \$2.5 million in purchasing ground-to-ground Scud-C missiles and related equipment, by saying: "The two governments have held talks from April to October on the purchase of missiles from North Korea in package deals, like the ones struck with Middle East countries, such as Syria."

Effects of Probes on Divisiveness, DPRK Viewed
SK1912051495 Seoul THE KOREA TIMES in English
19 Dec 95 p 8

[By Economic Editor Pak Chang-sok from the "News in Review" column: "NK Attack Threat & 'Glorious Revolution'"]

[FBIS Transcribed Text] "...Getting to the bottom of the 1979 coup and Kwangju massacre could have a cathartic effect. But harsh and vindictive treatment of the two former presidents could generate more reprisals and a new divisiveness. And how would North Korean rulers view such behavior: If they consume their own leaders, what will they do to us after reunification?" asked Robert A. Manning, a senior fellow at the Progressive Policy Institute and a former U.S. State Department policy advisor from 1989-93, in an article contributed to the LOS ANGELES TIMES recently.

This is one of several "dangerous political minefields," pointed out by Manning, that could possibly blow up in the course of campaigning for anti-corruption targeted at politicians and tycoons under the Kim Yong-sam administration.

Manning's view seems to be worth noting for the Kim administration, hung up on the single domestic issue of "righting past wrongs," and ostensibly blind to outside issues.

His commentary draws particular attention as it came amid a growing fear of the possibility of armed North Korean provocations this winter and next spring.

In a report to a National Assembly committee last week, Kwon Yong-hae, director of the Agency for National Security Planning (NSP), said, "Faced with a serious shortage of food, North Korea sees this winter and next

spring as a crucial period in the management of crisis on the Korean Peninsula."

North Korea, now under the volatile leadership of Kim Chong-il after the demise of his father Il-song, views the waves of political turmoil in South Korea as a good chance to provoke South Korea into an armed conflict in order to find a new breakthrough in its domestic quandaries, Kwon told the Intelligence Committee of the Assembly.

Highlights of North Korean developments he revealed include the forward deployment of 420 fighters and bombers in airbases within 40 km from the Demilitarized Zone in October, some of which are able to reach Seoul in five to six minutes.

Responses to the war fright are rather prompt from the U.S., which has been planning massive joint naval operations off the Korean waters next month under the support of the aircraft carrier "Independence."

As ghosts of money games and the crackdown on Kwangju pro-democracy movements involving former presidents Chon Tu-hwan and No Tae-u are conjured up, public interest is mounting. There are things to see and listen to. Antipathy toward the chaebol and military governments is amplifying. Public anger is climaxing with TV serial dramas depicting the military's political ambitions and injustices.

Media manipulation has greatly contributed to alienating the citizens from the military, chaebol or giant business clusters, politicians, and bureaucrats — four primary elite groups that have led the country to its advanced economic state.

The soldier-turned-politicians are discredited for their roles in the coup. A dozen top corporate magnates have been indicted. Politicians are in a muddy war for survival. And bureaucrats can't seem to find a platform to stand on ahead of the crucial National Assembly elections in 1996 and presidential voting in 1997.

Each group has its own different views on the ongoing political vortex. It's difficult to expect a national consensus on any national topic. Opinions are diverse among interest groups. The political shakedown only serves to promote a split in national opinions. It seems difficult to see an organized national strength being nurtured for now. The divisiveness in national opinions is liable to fall prey to a North Korean invasion against the South.

Officials of the ruling camp explain their punishment of two former presidents and their cronies stemmed from the national task of straightening out the past wrong history. But there is no denying that the chastisement is

closer to political vengeance than a mere house-cleaning campaign.

The money trail, now being used as a tool to make specific figures persona non-grata to the people, now includes the only other living former president Choe Kyu-ha and his wife for apparently refusing to cooperate in the prosecution probe into the coup, masterminded by his successor Chon.

Reprisals are never-ending. Here is an Aesop's fable instructive to President Kim. A wasp settled on a snake's head and tormented it by continually stinging. The snake, maddened by the pain and not knowing how else to avenge itself, put its head under the wheel of a wagon which crushed them both. This story teaches us that some men elect to die with their enemies [rather] than to let them live. President Kim boastfully likens his "correcting of historical wrongs" to "the Glorious Revolution (1688-89)" seen in Britain. The concern about Kim's revolution is that it could invite the not-so-glorious "Communist Revolution."

Companies Begin 'Battle' for LWR Construction
SK1912031495 Seoul TONG-A ILBO in Korean
15 Dec 95 p 16

[By reporter Kwon Sun-ho]

[FBIS Summary] Upon the conclusion of negotiations on the supply of light-water reactors [LWRs] to North Korea, a "full-fledged battle for construction orders" has begun among ROK companies.

Hyundai Construction Co. formed a 40-member team led by its president, which has set out to win the construction orders. Hyundai has also created a public relations movie and has completed preparatory work for a business explanation meeting, "under a strategy to actively utilizing its experience in building many atomic power plants at home and abroad." Hyundai has "a secret desire to benefit from honorary chairman Chong Chu-yong's tie-in with North Korea."

Tong-a Construction Co. stresses that the LWR model to be constructed in North Korea is the same as the Ulchin reactors Nos. 3 and 4 it built in cooperation with Daewoo Construction Co. It has recently enlarged the LWR project team, which was put into operation early this year, with 20 more technicians and the vice chairman of the company as new team chief.

Daewoo Construction Co. has recently established a new task force for winning construction orders, and is operating an "LWR promotion committee" with experts from Daewoo sister companies.

Daerim Industries Co., which won the construction order for the Yonggwang reactors Nos. 5 and 6 jointly with Hyundai in August, and Samsung Construction, which is "actively engaged in technological cooperation with foreign companies," have also begun preparations to join the "battle for construction orders."

The subsidiary construction in the LWR project includes engineering work, groundwork, and road construction, and costs are estimated to amount to 30 to 40 percent of the total expenses of the LWR project. "It appears that a contract for the LWR supply will be signed between the Korean Peninsula Energy Development Organization and North Korea by 1997, and that the selection of companies in charge of building the auxiliary facilities will be completed by 1998. Accordingly, a keen competition is expected among domestic companies over the winning of construction orders."

Telecom Companies Hold Seminar in PRC 7-8 Dec
SK2012023795 Seoul THE KOREA HERALD
in English 8 Dec 95 p 8

[FBIS Transcribed Text] Korea's leading telecommunications companies jointly opened an international seminar on the digital CDMA (code division multiple access) cellular technology in Beijing yesterday.

The seminar, scheduled to continue through today at the Tianlun Dynasty Hotel in downtown Beijing, is expected to pave the way for the export of Korean-made CDMA equipment and systems to the vast Chinese market.

Co-organized by the Telecommunications Industry Association of Korea (TIAK) and China National Posts & Telecommunications Industry Corp., the seminar was attended by several hundreds of telecoms figures from both countries.

"The seminar was held at the request of the Chinese Government officials who were impressed by the superiority of Korean-made CDMA technology and systems during the World Telecom '95 in Geneva last month," said Yi Chi-pok, a spokesman for the TIAK.

"As if to reflect the mounting interest about CDMA in China, hundreds of Chinese Government officials, telecoms company executives, researchers, college professors and journalists were on hand at the workshop," Yi said.

Shortly after the opening ceremony, So Chong-uk, president of Korea Mobile Telecom (KMT), presented a dissertation on CDMA cellular service development in KMT.

Pak Hang-ku, vice president of the Electronics & Telecoms Research Institute, Chi Yong-ha, senior engineer of Samsung Electronics, and Kim Son-kun of Dong Ah Electric Co. also made similar dissertations at the seminar.

TIAK Chairman Pak Sung-kyu, Shinsegi Telecomm President Chong Tae-ki, Kim Tong-sik, vice president of Hyundai Electronics Industries Co., and Chang Chu-il, vice president of Samsung Electronics, are among Korean guests at the seminar.

After the seminar ends today, telecommunications officials from both countries are expected to begin concrete negotiations on the transfer of Korea's CDMA technology and systems to China.

China, which has about 2 million cellular population, [as published] is one of the world's fastest growing cellular markets. Meanwhile, Korea's Ministry of Information and Communication is pushing to conclude a memorandum of understanding with China's Ministry of Posts and Telecommunications in an effort to help Korean CDMA makers make inroads into the Chinese market.

Kono Discusses Japanese Joint History Committee
SK1912063295 Seoul THE KOREA TIMES in English
19 Dec 95 p 2

[FBIS Transcribed Text] Seoul and Tokyo will have to agree on the formation of a joint history research committee by next January when Japanese Foreign Minister Yobei Kono is slated to visit Seoul, Foreign Minister Kong No-myong said yesterday.

Kong made the remarks in a phone conversation with his Japanese counterpart Kono, who made a phone call to Kong, marking the 30th anniversary of the effectuation of the Korea-Japan treaty on basic relations.

"Foreign Minister Kong told his Japanese counterpart Kono that Seoul expects to agree with Tokyo on the formation and operation of the joint history research committee, timed with Foreign Minister Kono's scheduled visit to Seoul," said Kim Ha-chung, director general of the ministry's Asian and Pacific Affairs Bureau.

Earlier, the two countries agreed in principle to create the joint committee in an effort to reach a shared view on the past history, thus stemming controversies resulting from conflicting interpretations of historical events.

Prior to the foreign ministers' talks, Seoul and Tokyo will hold a senior-level meeting between Kim and his Japanese counterpart Ryojo Kato in Seoul on Dec. 26.

"The two countries will discuss matters related to ethnic Koreans in Japan during the morning session, while they will talk about the joint committee in the afternoon," Kim said.

The meeting will cover such issues as the "past history," "comfort women" and ethnic Koreans' civil rights in local autonomous governments, he added.

Meanwhile, Japanese Foreign Minister Kono hoped to visit Korea early next year during the phone conversation which lasted 12 minutes. However, he noted that Kato will be dispatched to Seoul in advance to lay the groundwork for the formation of the joint history research committee.

"Originally, the foreign minister sought to visit Seoul within this year. However, the Japanese side felt it necessary to hold a working-level coordination session before inaugurating the agreed committee," Kim said.

Kono said that Japan will make efforts to improve bilateral ties which suffered a setback during the controversy over senior Japanese officials' remarks on its wartime role.

The foreign minister also welcomed the conclusion of the supply agreement between the Korean Peninsula Energy Development Organization (KEDO) and North Korea.

He also hoped to see inter-Korean relations improve following the agreement while vowing to strengthen alliances with Seoul and Washington for the ultimate conclusion of the North Korean nuclear issue.

Meanwhile, the Korean government conferred orders upon four Japanese leaders, including Noboru Takeshita and Kozo Igarashi, for making contributions to the development of bilateral relations.

The ceremony was held in Korean Ambassador Kim Tae-hui's residence in Tokyo yesterday with government officials, business leaders and embassy officials participating.

In the past, Seoul conferred orders usually upon former Japanese prime ministers. However, it is the first time that Seoul decided to give special citations to those who made notable contributions to bilateral relation.

Russian Communist Leader on Relations With Seoul

SK2012141195 Seoul KBS-1 Television Network
in Korean 1235 GMT 20 Dec 95

[FBIS Translated Text] The Communist Party of Russia, follower of Lenin, has become the majority party by winning one fourth of the seats from the general

election held on 17 December. Zupanov, leader of the Communist Party of Russia, has become a rising star in the Russian political circles. What is Zupanov's view on the ROK? Who is he? Ko Tae-yong reports from Moscow.

[Begin recording] [Ko] Zupanov, 51, leader of the Communist Party of Russia, was a staunch communist, who called for the reconstruction of the Communist Party when statues of Marx and Lenin fell in various places of Russia three years ago. However, at a news conference today, he proved that his concept of the Korean peninsula was not leaning one-sided toward North Korea.

[Zupanov speaking in Russian, translated from Korean caption] The Korean peninsula should be reunified. I have acquaintance with many ROK leaders of various circles, and I truly understand their opinion on reunification.

[Ko] Zupanov stressed that the friendly relations between the ROK and Russia will not be affected because the Communist Party has become the majority party, and that he hopes economic cooperation will be strengthened. He added that he is willing to cooperate with Western corporations to build a strong Russia. Some people regard Zupanov as an improved communist, but no one believes that the Communist Party of Russia has changed into an European-style socialist party.

[Mac Fold, identified as researcher of the Carnegie Endowment for International Peace, speaking in English, name as transliterated from Korean caption, translated from the Korean caption] It is a mistake to think Zupanov is like the socialists in Poland or Europe.

[Ko] The Communist Party has begun preparations for the next goal, to regain the reins of power, and Zupanov is leading the campaign. His true color will be more identifiable as the next year's presidential election draws nearer. [end recording]

German Official on Loosening Trade Restrictions
SK1612015995 Seoul THE KOREA TIMES in English
16 Dec 95 p 8

[FBIS Transcribed Text] A visiting ranking German trade official yesterday called for the loosening of trade restrictions by the Korean government in its bid to enter the Organization for Economic Cooperation and Development (OECD).

Robert Lammert, parliamentary state secretary in the German Ministry of Economics, said, "Although the Korean government has already introduced considerable deregulation and liberalization measures in connection

with the planned accession to the OECD, additional improvements are needed."

"Improvement in particular in the financial services area for the facilitation of foreign exchange controls and off-shore loans, and liberalization in securities markets are essential to this end," he said in a press conference held at the Hilton Hotel.

Germany fully supports the Korean government's bid to enter the OECD once it is judged to be equipped with the necessary requirements, said Lammert.

"Korea is a major trading nation in the global economy. It is natural for Korea to wish to enter the OECD," he added. He also called for the further opening of the car market here by, for example, mitigating restrictions on the import of the products.

Lammert said, in particular, the Korean system of requiring another examination on imported cars which have already undergone similar probes should be mitigated.

He arrived here Wednesday to take part in the 18th annual Korean-German Economic Consultations. He will leave today.

"The strong imbalance in mutual car imports was addressed as a main agenda during the consultation," he said. He cited the fact that while 49,000 Korean motor vehicles were sold in Germany in 1994, only 1,380 German passenger cars were purchased in Korea.

"With a domestic turnover of 1.1 million passenger cars in Korea, the share of cars imported from abroad, 3,900 vehicles, was minimal," he said.

He stressed that the two nations will be able to make great profits by making joint venture efforts in the aerospace field.

Background of Appointment of New Prime Minister
SK1712040895 Seoul HANGYORE SINMUN
in Korean 16 Dec 95 p 3

[Article by Kim Chong-ku: "Selection of Fresh New Man in Second Half of Term"]

[FBIS Summary] On 15 December, President Kim Yong-sam named Seoul National University President Yi Su-song as the next prime minister. As a result, the reshuffling of the cabinet will take place soon.

There are several reasons for President Kim Yong-sam's decision to change prime ministers. First, he believes it is indispensable to change prime ministers in order to accelerate the government's future-oriented creative

tasks and to create a favorable atmosphere for their implementation.

Second, he is considering the recent sentiment of the people, who have become relaxed about the government's efforts to right the historical wrongs, and thus regards newly-appointed Prime Minister Yi Su-song as a "new face" to overcome the current difficult situation. In a statement released by Chongwadae [presidential offices] spokesman Yun Yo-chun on why he appointed Yi Su-song as the new prime minister, Kim Yong-sam said: "It is appropriate for him to lead the cabinet to overcome the current political crisis."

Third, newly-appointed Prime Minister Yi is a "fresh man" who has never engaged in political activities in the past. This shows the government's strong will to continue its reform policy.

Fourth, it attracts attention because Yi is the youngest prime minister, being only in his 50's. This is intended to give greater impetus to carrying out generational changes in the future.

Finally, considering his background, Kim Yong-sam is appeasing the indignation of the people of Taegu and other areas in North Kyongsang Province caused by the arrest of Chon Tu-hwan. As a result, a massive cabinet reshuffle is likely to take place next week.

It is not clear if newly-appointed Prime Minister Yi will successfully deal with pending issues. Previous prime ministers have failed to satisfy the demands of the people. Considering President Kim Yong-sam's style of state administration, in particular limiting the role of the prime minister, it will be interesting to see how Prime Minister-designate Yi will raise his voice.

Appointment of Prime Minister Yi Analyzed

SK1712012595 Seoul THE KOREA TIMES in English
17 Dec 95 p 2

[Report by staff reporter Han Tong-su]

[FBIS Transcribed Text] President Kim Yong-sam's appointment of Yi Su-song, the 56-year-old president of Seoul National University [SNU], is the clear manifestation of his strong will to enforce reform and a generational change in Korean politics and in society as a whole.

Most people believed that President Kim would appoint a new premier and conduct a Cabinet reshuffle around the year end after the National Assembly passes the controversial Kwangju special law at its current regular sitting.

The forecast was way off and this means that the President has decided to push ahead with his political schedule as planned.

Kim will conduct a large-scale Cabinet reshuffle, in which a dozen ministers are likely to be affected, shortly after the National Assembly endorses Yi as prime minister.

Irrespective of the large government shakeup, the legal procedures for former presidents Chon Tu-hwan and No Tae-u will proceed as scheduled and state prosecutors are certain to start the overdue crackdown on a number of politicians allegedly involved in the No slush fund scandal and other political kickbacks.

"Yi's appointment clearly indicates that President Kim will enforce a sweeping cleanup campaign in the political circle, in total disregard of the repeated calls for a political compromise from some quarters of the ruling camp and opposition parties, especially from the Kim Tae-chung camp," said an official at the presidential office.

Chongwadae [presidential offices] officials said premier-designate Yi is the right choice at the right time when the Kim Yong-sam government is implementing the historical mission of liquidating evil vestiges of past military rule.

Yi is reputed to be a man of integrity who was persecuted by political officers during the turbulent month of May in 1980 when the military takeover was in the making.

After the May 17 coup, Yi was taken to the notorious Defense Security Command, then headed by Gen. Chon, to be grilled for his role in the massive student rally in front of the Seoul Railroad Station on May 15, 1980. At the rally, Yi, then dean of the SNU student affairs bureau, appealed to students to return to school saying violent protests could be an excuse for a military takeover.

President Kim asked Yi to assume the premier's post in his personal meeting at Chongwadae on Dec. 4. Yi initially declined the presidential offer, citing he, as a president elected through a faculty vote last March, wants to remain at the school. But he finally gave in to President Kim's persistent persuasion.

A presidential spokesman said Kim pleaded with Yi to take the post to help him accomplish his ongoing campaign to right the wrongs of Korea's modern history.

Yi is reputed to be a man of principle who consistently advised President Kim to make a fresh start by severing his ties with the old guard of the former military regime within the ruling camp.

In this light, the new Cabinet will comprise few figures who have connections with the former military regime in some way or another, a Chongwadae official said.

Yi's appointment is the clear manifestation of Kim's ardent wish for a generational change, said Yi Pyong-sok, a presidential political secretary in charge of collecting public opinion.

"Premier-designate Yi is young compared with former prime ministers Hwang In-song, Yi Yong-tok and Yi Hong-ku. Moreover, he has a clean record, not serving in any administrative posts of the past military governments," the secretary said.

"Earlier, President Kim named Rep. Kang Sam-chae, a young Turk within the ruling party's reformist Minju faction, the party's secretary general, in an apparent wish to transfuse young blood into the party. Kang has performed better than any other former ruling party secretary general who were far older than him," the secretary said.

"Now, it's the administration's turn. It is indispensable to meet the needs of young voters," Yi said. According to him, 65 percent of the voters are in their 20s and 30s.

Premier-designate Yi, a native of Chilgok, Kyongsang-pukto, is also viewed as an appropriate choice who will be of much help to President Kim, whose popularity has hit an all-time low in the T-K (Taegu-Kyongsangpukto) region after the arrest of former president Chon, who once was a favorite son of the conservative bastion.

Kim also picked Yi, fully considering the administrative skills he demonstrated while serving as president of the nation's most prestigious university.

Chongwadae Announces Cabinet Reshuffle 20 Dec
SK2012025595 Seoul YONHAP in English
0239 GMT 20 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 20 (YONHAP) — Na Ung-pae, deputy prime minister and unification minister, has replaced Hong Chae-hyong as deputy prime minister and minister of finance and economy in a cabinet reshuffle announced Wednesday.

In the reshuffle announced by Chongwadae [presidential offices] Press Secretary Yun Yo-chun, Kwon O-ki, president-publisher of TONG-A ILBO newspaper, has been appointed to replace Na as deputy prime minister and minister of unification.

Foreign Minister Kong No-myong was retained.

An Pyong-yong, a professor at Yonsei University, was appointed education minister.

Kim Kwang-il, former lawmaker, became the new chief presidential secretary, the announcement said.

Kwon Yong-hae, director of the National Security Planning Agency, has been retained, and Yi Sok-chae, vice finance and economy minister was appointed Minister of Information and Communication.

Chu Ton-sik, culture and sports minister, was chosen as the first state minister for political affairs, while Kim Yong-su, senior secretary for petitions and information, replaced Chu as culture-sports minister.

Kim U-sok, former legislator, replaced Kim Yong-tae as home affairs minister, and Kang Un-tae, former mayor of Kwangju, was appointed minister of agriculture, forestry and fisheries.

Chu Kyong-sok, chief of the National Tax Administration, was named construction and transportation minister, and Kim Yang-Pae, former minister of agriculture, forestry and fisheries, has become minister of health and welfare.

Former lawmaker Chong Chong-taek was appointed environment minister.

Other cabinet ministers who have retained their posts are as follows: Justice Minister An U-man; Defense Minister Yi Yang-ho; Trade, Industry and Energy Minister Pak Chae-yun; Labor Minister Chin Nyom; Government Administration Minister Kim Ki-pae; Information Minister O In-hwan; Science and Technology Minister Chong Kun-mo; the Second State Minister for Political Affairs Kim Chang-suk; Legislation Minister Kim Ki-sok; and Patriots and Veterans Minister Hwang Chang-pyong.

Pak Sang-pom, secretary general of the Advisory Council on Democratic and Peaceful Unification, and Pak Ik-son, chairman of the Emergency Planning Committee, have also been retained.

Yu To-chae, chairman of the Seoul Olympic Sports Promotion Foundation, was appointed senior presidential secretary for government affairs; Vice Science and Technology Minister Ku Pon-yong has become senior secretary for economic affairs; Sim U-yong, former governor of North Kyongsang Province, was appointed senior secretary for administrative affairs; and Mun Chong-su, lawyer, was named secretary for petition and information.

Pak Se-il, senior secretary for policy planning, moved to the newly established post, secretary for social welfare affairs, while Professor Yi Kak-pom of Seoul National University replaced Pak.

Presidential Secretary Announcement

*SK2012042495 Seoul KBS-1 Television Network
in Korean 0210 GMT 20 Dec 95*

[Announcement by Yun Yo-chun, presidential senior press secretary, on the cabinet reshuffle and the reshuffle of the presidential secretariat at Chongwadae in Seoul—live]

[FBIS Translated Text] [Yun Yo-chun] President Kim Yong-sam has today conducted a major cabinet reshuffle replacing 11 ministers and the chief of the staff to the president. The following is the list of cabinet members who have been replaced. I will list only the new cabinet members:

Deputy Prime Minister and Minister of Finance and Economy is Na Un-pae, Minister of National Unification Board [NUB]; Deputy Prime Minister and Minister of NUB is Kwon O-ki, president of TONG-A ILBO; Minister of Home Affairs is Kim U-sok, former minister of construction; Minister of Education is An Pyong-yong, professor of Yonsei University; Minister of Culture and Sports is Kim Yong-su, senior secretary for petitions and information; Minister of Agriculture, Forestry, and Fisheries is Kang Won-tae, former mayor of Kwangju; Minister of Information and Communications is Yi Sok-chae, vice minister of finance and economy; Minister of Environment is Chong Chong-taek, former lawmaker of the Democratic Liberal Party; Minister of Health and Welfare is Kim Yang-pae, minister of agriculture, forestry, and fisheries; Minister of Construction and Transportation is Chu Kyong-sok, commissioner of the Office of Tax Administration; and Minister of First State for Political Affairs is Chu Ton-sik, minister of culture and sports.

Next, Chief of Staff to the President is Kim Kwang-il, former lawmaker; Senior Secretary for Economic Affairs is Ku Pon-yong, vice minister of science and technology; Senior Secretary for Governmental Affairs is Sim U-yong, former governor of North Kyongsang Province; and Senior Secretary for Petitions and Information is lawyer Mun Chong-su who is a former prosecutor of the Incheon District Prosecution Office.

Next. At this time, the position of senior secretary for social welfare has been newly established. This senior secretary position will oversee education, labor, and environment issues. Pak Se-il has been appointed to the position of senior secretary for social welfare; Senior Secretary for Policy Planning is Yi Kak-pom, professor of Seoul National University; and Senior Secretary for General Affairs is Yu To-chae, chairman of the National Sports Promotion Corporation. This has been the announcement on the cabinet reshuffle.

[Announcer at the studio] You have been listening to the announcement of the cabinet reshuffle by Yun Yo-chun, Chongwadae spokesman. It seems that he is now commenting on the background of the cabinet reshuffle....

[Yun Yo-chun] Fresh figures with experience and a resolve for reform have been selected so as to realize justice in our society and to push ahead more vigorously with reforms and globalization in the latter half of the presidential term of office.

President Kim also made experience and ability in the relevant field an important criterion in this personnel action. President Kim hopes the new cabinet will solve the pending issues of state affairs through daring reforms and gather together all the strength to build a leading state in the world based on national integrity.

New Cabinet Lineup Assessed

*SK2012083595 Seoul YONHAP in English
0731 GMT 20 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 20 (YONHAP) — The new cabinet lineup announced Wednesday has several notable features. To begin with, it has a smaller number of lawmaker-turned ministers than any of the preceding Kim Yong-sam cabinets. Secondly, it includes fewer holdovers from the Fifth and Sixth Republics than previous cabinets.

The average age of the new cabinet appointees is 56.6 years, which is not much different from the previous cabinet's 57 years, although Prime Minister Yi Su-song, who is in his 50s, is relatively young, which is taken to be a reflection of President Kim's plan to induce generational change in Korean politics after his retirement in 1998.

Other noteworthy appointees include Kim Ki-pae of Government Administration and Kang Un-tae of Agriculture, Forestry and Fisheries, who are both in their 40s, and Yi Sok-chae of Information and Communication who has just turned 50.

The new Chief Presidential Secretary Kim Kwang-il is also in his mid-50s, and Director Kwon Yong-hae of the Agency for National Security Planning, who was unaffected by the cabinet shakeup, is in his late 50s.

The new cabinet, the fifth of the Kim Yong-sam government, has only two lawmaker-turned ministers, Kim U-sok of Home and Chong Chong-taek of Environment, compared with six in the fourth cabinet and seven in the first cabinet.

Deputy Premier and National Unification Minister Na Ung-pae and Environment Minister Chong Chong-

taek are the only two who served in the fifth and sixth republics, and Defense Minister Yi Yang-ho and Director Kwon Yong-hae of the Agency for National Security Planning are the only retired generals.

The new cabinet includes 11 career bureaucrats, which suggests that the cabinet is marked by a high degree of professionalism.

A detailed breakdown by hometown indicates that the new cabinet is made up of seven people from the Seoul-Inchon-Kyonggi area, five from the Pusan-South Kyongsang area, four each from the North Kyongsang and Chungchong areas, three from the Cholla area and one from the North Hamgyong area.

President Kim included one of his cronies in the new cabinet, Kim U-sok as home minister, as he did Yi In-che, Choe Hyong-u and So Sok-chae in previous cabinets.

With regard to educational credentials, the new cabinet has three doctorates from abroad — Deputy Premier Na, Education Minister An Pyong-yong and Trade, Industry and Energy Minister Pak Chae-yun, compared to six in the previous cabinet.

The Seoul National University Law School is represented by seven graduates in the new cabinet, compared with six in the previous cabinet.

The new cabinet has four professor-turned-ministers — Prime Minister Yi, Education Minister An, Trade, Industry and Energy Minister Pak and Science and Technology Minister Chong Kun-mo, compared with six in the first cabinet of the Kim government.

The only woman minister, Second Minister of Political Affairs Kim Chang-suk, of the previous cabinet has also become the only female member of the new cabinet.

Kim Tae-chung: No Compromises on 'Special Law'
SK1612233295 Seoul TONG-A ILBO in Korean
16 Dec 95 p 2

[Report by correspondent Yun Yong-chan]

[FBIS Translated Text] During a joint meeting on 15 December of the executive members of the National Congress for New Politics [NCNP], NCNP President Kim Tae-chung talked for one hour about his strong determination to struggle against the ruling party. Some time ago, Kim Tae-chung proposed a meeting of the five political leaders, and even revealed to President Kim Yong-sam his willingness for conditional cooperation. However, since the attitude of the ruling circle is again showing signs of turning toward a hard-line, giving shape to recent rumors on audits and inspections of

political circles, it seems Kim Tae-chung has begun taking strong measures as well.

During the joint meeting, Kim Tae-chung said: "We are currently at the crossroads of life and death. Winning is the only way to live. I will stand in the forefront and fight."

Criticism toward President Kim Yong-sam was unprecedentedly strong. While positively assessing that President Kim Yong-sam's decision regarding No Tae-u's slush fund scandal and the enactment of the 18 May special law "were well done," Kim Tae-chung claimed: "What is very unfortunate is that this was not carried out through President Kim's philosophy, principle, and conviction as a leader, but began due to party interests, tactics, and politicking."

Kim Tae-chung also warned: "The ruling party is currently trying to fabricate that the ruling party and not President Kim received money from No Tae-u. This is preposterous, and we will not put up with it." Kim Tae-chung expressed displeasure over the ruling party's refusal to hold dialogue by saying: "While carrying out work that determines the fate of the country, how can they not hold dialogue with the opposition party? Do they intend to call us after all matters are settled and expect us to applaud them?"

On this day, Kim Tae-chung also issued a strong request to the lawmakers participating in the meeting. He drove a wedge by saying: "We cannot by any means make compromises regarding the enactment of the special law. Weak voices must not come from within our party."

In particular, he emphasized: "With a mind to stand by for an emergency, everyone must be able to be immediately contacted. Everything must be entrusted to the leadership. We already have measures."

Such a strong attitude by Kim Tae-chung is simultaneously aimed at both the party and President Kim Yong-sam. This attitude is interpreted as a restraint against appeasers within the party so as to set in order the party's dispersed atmosphere and as a message to President Kim Yong-sam of their do-or-die spirit.

We can also view Kim Tae-chung's attitude as expressing the critical situation in a contrary manner. This is supported by the fact that Kim Tae-chung may have obtained secret information regarding rumors of an audit and inspection of the ruling political circles.

During a recent party meeting, Kim Tae-chung repeatedly said: "If an enemy cuts the skin of a samurai, the samurai cuts out a piece of the enemy's body. If the enemy cuts out a piece of the samurai's body, then the samurai cuts the enemy's bone." Kim Tae-chung's

deep-seated grudge toward President Kim Yong-sam, in which Kim Tae-chung views President Kim Yong-sam as excessively attached to "killing Kim Tae-chung," is growing deeper.

Parties' Conflict Over 'Special Law' Analyzed

*SK1812105495 Seoul HANGUK ILBO in Korean
18 Dec 95 p 4*

[Article by Yi Kye-sung]

[FBIS Translated Text] Can we no longer expect the ruling and opposition parties to agree to the contents of the 18 May special bill before the submission to the National Assembly? The New Korea Party [NKP] originally planned to submit the 18 May special bill on 18 December. Even if the party postpones it for one more day in order to achieve an agreement, the bill has to be submitted on 19 December, the closing date of the regular assembly session. However, it is unlikely that the ruling and opposition parties will reach an agreement.

The National Congress for New Politics [NCNP] has an adamant position that "a 18 May special law without the special prosecutor system is meaningless."

The NCNP even has a plan to hold a joint meeting with civic groups, including the Citizens' Coalition for Economic Justice and the Professors' Council, at the National Assembly on 18 December to discuss measures for the joint struggle to win the special prosecutor system.

The NKP's position is also invariable that the bill should be concluded before the assembly session ends. If necessary, the NKP will submit the bill to a vote with the help of the Democratic Party [DP], which also supports passing the bill within this National Assembly session. The United Liberal Democrats [ULD] has been excluded from the negotiations because the party opposed the special law itself raising the question of statute of limitation.

The NKP already agreed to accept the amendment on the special law requested by the DP. The DP's position is that it may reconsider the demand for special prosecutors with the addition of clauses on the punishment of those who refuse to testify on the rebellion, on the mandatory report to the National Assembly of the investigation over the 18 May incident, and on the recovery of reputation and compensation for those who were punished for violating the martial law after the 26 October assassination and the victims of the 18 May incident.

With the alliance between the NKP and the DP, the special bill will have no difficulty passing the National

Assembly even if the NCNP, the ULD, and some lawmakers of the NKP oppose the bill.

However, the NKP, which intends to end any further dispute on the 18 May incident, still wants the participation of the major opposition party, NCNP, in the legislation. NKP Floor Leader So Chong-hwa said: "If there is the possibility that three parties could reach an agreement, we can postpone the submission until 19 December." His remarks mean that the NKP is willing to carry out last-minute negotiations.

Although the NCNP is making an issue of the lack of special prosecutors, the pretext is weak for the NCNP to veto the 18 May special law. The party may face a difficult situation in the process of punishing the 18 May criminals based on the 18 May special law. Therefore, a dramatic compromise between the NKP and the NCNP is also possible.

NCNP President Kim Tae-chung said: "Please pay attention to the party leaders' meeting on 18 December."

Some NCNP lawmakers suggest the decision on the special prosecutor system be made after the National Assembly receives the report on the investigation over the 18 May incident.

However, pessimistic views maintain a superior position that it will be difficult to smoothly deal with the [May 18 special law] negotiations because the introduction of the special prosecutor system is becoming an issue of the political hegemony between the NKP and the NCNP.

Editorial Denounces Search of Choe Bank Account

*SK1812054595 Seoul CHOSON ILBO in Korean
17 Dec 95 p 3*

[Editorial: "Searching Choe Kyu-ha's Bank Accounts"]

[FBIS Summary] "In connection with former President Choe Kyu-ha's refusal to submit to the prosecution's investigation of the 12 December [military coup] incident, the Prosecutor's Office has abruptly begun tracing the bank accounts of Choe and his relatives. We are surprised at such a tactless act by the prosecution."

Of course, the Prosecutor's Office conducted such an act with a search warrant and in accordance with legal procedures. However, our impression is the prosecution did it out of pressure or retaliation.

If the prosecution is employing such expedients as a means to force Choe Kyu-ha to reveal the "truth about the 12 December incident," then the prosecution cannot escape public criticism because it is politically abusing its power.

However, it is acceptable for the prosecution to trace the bank accounts of Choe and his relatives based on intelligence that he concealed huge amounts of secret funds in banks, or based on evidence revealed in the process of investigating other persons concerned.

However, it is not difficult to see the reason for the prosecution's tracing of the bank accounts of Choe and his relatives, which is being conducted without clear evidence of Choe having concealed large amounts of secret funds at a time when he still desperately refuses to submit to the prosecution's investigation.

Whether the prosecution will discover any secret funds of Choe Kyu-ha through its tracing of his bank accounts is a separate problem. "However, what we take issue with is the prosecution's tactlessness in its method of investigation."

We are not sympathizing with or supporting Choe's "silence." Through this editorial column the purpose of which is to "correct history," we have urged Choe many times to reveal what he witnessed during the 12 December incident and the background of his resignation from the presidency in August 1980.

"However, resorting to an expedient simply because Choe has refused to submit to the prosecution's investigation should be reconsidered."

Even though we want Choe to respond to the prosecution's investigation, as long as he refuses to respond there is no way other than to call him to the court to be "examined as a witness." This is because Choe is a "witness."

Even if the 18 May Special Law is established, and consequently Choe's status is changed to that of suspect, investigation authorities, including the prosecution, still cannot force him to make a statement. Even a suspect has the right to exercise his "right to remain silent."

"Therefore, searching the records of a former president who resigned from the presidency 15 years ago, and particularly 30 million won deposited in a bank under the name of his wife, is an act that tramples human rights underfoot."

Such a manner of investigation cannot be tolerated in a society ruled by law. "A manner of investigation that stops at nothing to achieve its purpose is nothing but the legacy left by previous authoritarian regimes."

Chon Tu-hwan Continues Fasting in Anyang Prison
SK1912035595 Seoul THE KOREA TIMES in English
19 Dec 95 p 3

[FBIS Transcribed Text] Former president Chon Tu-hwan, who has been fasting since he was taken to

Anyang Prison on Dec. 3, is likely to be moved to a hospital in a couple of days for medical treatment.

The Justice Ministry and the Supreme Public Prosecutor's Office plan to move the 63-year-old ex-head of state to the National Police Hospital within the next few days because of his deteriorating health.

Prison authorities said that Chon, who entered the 16th day of his fast yesterday, is almost unable to walk.

He drinks water only and spends almost all his time in bed.

The prison guards and medical staff are standing by in preparation for any possible health emergency, prison authorities said yesterday.

However, the Justice Ministry is not considering force feeding the former president suspected of having masterminded the Dec. 12 military mutiny and amassing a huge slush fund while in office, because he has not been convicted of any crime and the measure would do more harm than good.

A high-ranking ministry official said, "It appears inevitable to hospitalize Chon because his health is rapidly worsening. On the basis of a medical checkup, we will decide when and what hospital to admit him to."

Of some hospitals under consideration, the National Police Hospital is likely to be chosen, ministry sources said.

A medical doctor at the prison said that Chon's life may be in danger if he continues to fast.

Condition 'Deteriorating Rapidly'

SK2012121495 Seoul YONHAP in English
1207 GMT 20 Dec 95

[FBIS Transcribed Text] Suwon, Dec. 20 (YONHAP) — Former President Chon Tu-hwan, who has been fasting for 18 straight days at the Anyang prison, is likely to be evacuated to the National Police Hospital in Seoul on Wednesday night.

The Kyonggi Province police have placed 150 policemen on a standby state and deployed traffic police all along a route leading from the prison to the Seoul hospital.

"We are simply putting the police on readiness to prepare for any eventuality. So far, however, no request for police deployment has been received either from the Justice Ministry or from the Anyang prison," a Kyonggi police officer said.

An informed source, noting Chon's condition is deteriorating rapidly due to fast, said Chon is expected to be

taken to the Police Hospital sometime between 10 to 11 PM Wednesday.

NCNP Urges NKP To Donate Property to State

*SK1712012695 Seoul THE KOREA HERALD
in English 17 Dec 95 p 2*

[FBIS Transcribed Text] The main opposition National Congress for New Politics [NCNP] yesterday took issue with the ruling party's assets.

The opposition party urged the ruling New Korea Party [NKP] to donate its party property to the state coffers. The opposition party claimed most of the ruling party's assets were obtained during the reign of Chon Tu-hwan and No Tae-u, the two immediate predecessors of President Kim Yong-sam.

It also claimed that part of the assets were handed down from the Democratic Republican Party created by the late President Pak Chong-Hui in the early 1960s and led by Kim Chong-pil in the early 1980s.

"If President Kim is going to push his clean-up drive, he should first reveal the whole amount of his party assets, which were largely raised by the disgraced former Presidents" said a spokesman for the main opposition party.

He said that his party is considering taking legal action to return the "ill-gotten" assets to the state coffers.

The main opposition party's demand followed a recent announcement by the prosecution that No gave 210 billion won of No's dubious money had gone to the ruling party to help finance previous general elections and run the party.

"If you want to remove the speck in someone else's eyes, you must first take the log out of your own eyes," the main opposition party spokesman said.

In response to the main opposition party's demand, the ruling New Korea Party denied any links between No's slush funds and the build-up of party assets.

"The money Chon and No gave to our party as party presidents was spent on the management of the party. It should not be linked with the acquisition of the party's property," a ruling party spokesman said.

The spokesman said that if there's anything wrong with his party's property, it will be legally dealt with after the court's final ruling on the cases involving Chon and No.

He then raised questions about how main opposition party leader Kim Tae-chung financed the construction of his new home and the rent of the party headquarters' building.

"The reckless political offensives by the main opposition party are aimed at deflecting the public attention from the ongoing probe into No's slush fund scandal," said the party spokesman.

Kim Tae-chung's intensified offensive came amid growing speculation that the prosecution will soon launch an investigation into possible links between No's dirty money and politicians.

Some political analysts say that Kim is taking issue with the ruling party's assets in an attempt to forestall what it claims to be a political oppression from the Kim Yong-sam government.

Politicians' Attention 'Diverted' by Prosecutions

*SK1612023595 Seoul THE KOREA HERALD
in English 16 Dec 95 p 2*

[FBIS Transcribed Text] With the National Assembly scheduled to close its current session Tuesday, lawmakers will soon leave for their electoral districts to prepare for the general elections next April.

But many of them will find it difficult to concentrate on their constituency work for reelection when their attention is diverted to what the prosecution is doing in Seoul.

Speculation and rumors abound that the prosecution will throw a dragnet to catch corrupt politicians after the National Assembly session is over and that even opposition leaders Kim Tae-chung and Kim Chong-pil may be targets of its legal action.

Such speculation has followed remarks by Rep. Son Hak-kyu, spokesman of the ruling New Korea Party, who indicated Thursday that the ruling camp will make no deal on impending action against corrupt politicians with opposition parties in the near future.

He said there will be no political dialogue until legal action is completed against former Presidents Chon Tu-hwan and No Tae-u who face trial on treason and corruption charges.

"Legal action against Chon and No is not completed with their indictment," he said, indicating that the political impasse between the ruling and opposition camps over No's slush fund scandal will continue after the National Assembly session is over.

Rep. Son's remarks were an about-face from an earlier signal from the ruling camp that it would turn politics into business as usual and start talks sooner or later with opposition parties.

Both Kim Tae-chung, president of the main opposition National Congress for New Politics, and Kim Chong-pil, leader of the minor United Liberal Democrats, had called on President Kim Yong-sam to meet with opposition leaders.

With the prospect for a thaw in politics suddenly disappearing, the main opposition National Congress for New Politics is bracing up for an impending new wave of offensives from the ruling camp.

Party leader Kim Tae-chung launched a salvo against President Kim again yesterday. He accused President Kim of directing the prosecution's action against his main opposition party and himself.

"President Kim received 300 billion won from No Tae-u (for his 1992 presidential election campaign)," Kim Tae-chung said. "But he is preparing to intensify legal action against others after the National Assembly closes its session, though he has yet to clean up (his own misdeeds)."

In October, Kim Tae-chung confessed he had received 2 billion won from No, who is accused of taking 500 billion won in bribes. He has since demanded President Kim disclose to the public how much money he received from No.

Kim Tae-chung said he will fight a protracted struggle for his own survival and that of his party.

Also embarrassed by the tension between rival parties is Kim Chong-pil, leader of the United Liberal Democrats. He is suspected of holding 10 billion won in secret bank accounts.

The fallout of the No scandal not only implicates the three Kims but other leading politicians of all political parties.

News reports had it that the prosecution obtained evidence in the processing of investigating No's charges that leading lawmakers from the ruling and opposition parties received large sums of money from corporations.

Almost 40 lawmakers were on a list of unknown origin as corrupt politicians. Such lists were sent to political parties and the news media.

Other lawmakers that have cut corners in raising their political funds in the past are certainly more worried about being summoned to the prosecution than about being reelected.

First Day of No Tae-u Trial Reviewed

SK1912064195 Seoul THE KOREA TIMES in English
19 Dec 95 p 1

[Report by staff reporter Kim Yong-pom]

[FBIS Transcribed Text] Disgraced former president No Tae-u went on trial yesterday on corruption charges as the first ex-head of state to face criminal punishment for graft committed while in office, and denied he took bribes from businessmen.

The 63-year-old former army general admitted he did receive money from businessmen, but he said that this was a longstanding practice inherited from past governments.

No was indicted on Dec. 5 after being arrested on Nov. 16 on charges of accepting 283.89 billion won (369 million dollars) in kickbacks from 35 business leaders while he was president from 1988 to 1993. If convicted, he will be sentenced to a term of minimum 10 years up to life in jail.

In response to Prosecutor Mun Yong-ho's questions, No said that he built the huge slush fund of 500 billion won "due to a change in the political situation" and that he intended to use it for the state and the people.

Asked if he expected that business leaders called to Chongwadae should bring with them envelopes of money, No said, "I thought it was just a custom."

Then he was asked if there was any consideration (on the part of the government) of these firms when the question of big projects came up, such as the licensing of the car making business. The former president said, "I think there was not."

Also standing trial in the same Grand Courtroom No. 417 of the Seoul District Court were nine business tycoons charged with bribing No and five former public officials accused of having been involved in the raising of his slush fund.

No admitted to the prosecutor's charge that he received money from businessmen through arrangements by his chief bodyguard Yi Hyon-u, former lawmaker Yi Won-cho, Kim Chong-in, his senior economic secretary and Rep. Kum Chin-ho, husband of his wife's younger sister.

Wearing a white prison smock with baggy sleeves with his prison number, 1431, stitched on the right chest, and shod in white rubber shoes, No was led into the courtroom, escorted by court guards.

When he stepped off the prison bus, the former president looked haggard and pale with his arms folded in front of his chest. He was not handcuffed or roped.

Inside the courtroom, No sat still on a wooden bench, gazing straight at the three-judge panel seated on a raised podium. When the presiding judge called his name, he stood up and answered prosecutors' questions in a low voice.

Security was extremely tight, with 1,000 police standing guard in and outside the courthouse. The 200 journalists and family members who were admitted into the courtroom were checked by metal detectors. The panel exceptionally allowed photographing of the courtroom for 40 seconds but only from behind the defendants.

The only other defendant under arrest for the trial was No's former chief bodyguard, Yi Hyon-u. The rest were indicted without physical detention.

The indicted industrialists included Yi Kon-hui, chairman of the Samsung group, the nation's largest business group, and Kim U-chung, head of the No. 3 conglomerate Daewoo.

The business leaders denied they offered money to No, expecting in exchange favors in obtaining various government contracts. In response to prosecutors' questions, they said that the money they gave to No was "simply a donation."

Yi of Samsung, asked why he gave No 25 billion won said, "It has been the custom since the Third Republic (of president Pak Chong-hui) I thought of the money as political contributions. There were no government favors in return."

"I thought that the presidential office needed much money to operate. I wonder why I am on trial, when I compare my actions with those of other business groups (leaders)."

Kim of Daewoo said that he also gave money to No in compliance with a custom, so that it could be used as funds to help the needy.

Other defendants were Chong Tae-su of Hanbo, Choe Won-sok of Dong Ah, Chang Chin-ho of Jinro, Yi Chun-yong of Daelim, Kim Chun-ki of Dongbu, Daeho Construction Co. President Yi Kon, and Daewoo Corporation Chairman Yi Kyong-hun and Yi Tae-chin, former accounting chief of the presidential security force.

Editorial Urges Probe of No Tae-u Donations

SK1912075495 Seoul CHOSON ILBO in Korean
18 Dec 95 p 3

[Editorial: "Seventy-Nine Billion Won Should Be Revealed"]

[FBIS Translated Text] It has been learned through the prosecution's investigation of relevant persons in the

New Korean Party [NKP], that No Tae-u had provided 79 billion won of his secret funds to the Democratic Liberal Party [DLP], the predecessor of the New Korean Party [NKP], as party operation funds during the five years of his term of office. Nevertheless, political circles seem to be hushing up this issue without making it a point of contention.

This is indeed a strange phenomenon. Of course, nothing good will result for the ruling party if this issue becomes a point of contention, so it is natural for the ruling party to try to avoid it. However, what we cannot understand is why the three opposition parties have avoided taking issue with this.

When viewed from the standpoint of receiving illegal slush funds, the receipt of two billion won from No Tae-u by President Kim Tae-chung of the National Congress for New Politics [NCNP] and the receipt of 79 billion won by the DLP, are all the same thing.

The ruling camp may argue that Kim Tae-chung is more culpable because his receipt of money from No Tae-u is tantamount to "sleeping with the enemy." However, that is the political explanation, when, in fact they are equally culpable by law.

Furthermore, the ruling camp is uncovering and punishing the irregularities and corruption committed by others under the slogan of "justice." However, we would like to urge the ruling camp to reveal and rectify its own behavior first. It is unjust for the ruling camp to criticize someone else for 2 billion won while letting its receipt of 79 billion won go unchallenged. The ruling camp should reflect on this once more.

We assert that the old practice of trafficking black money in political circles should be uncovered at all costs and that strong punishment should be imposed on it. However, revealing and punishing such an unrighteous practice should be carried out fairly. In other words, anyone who has been involved in such an unrighteous practice should be punished without exception.

It is common knowledge that politicians cannot carry out their political activities without money. Therefore, we consider the ruling party's 79 billion won and an opposition party leader's 2 billion won merely to be two different results which stem from the same root. Therefore, political circles and judicial authorities should deal with these two cases with the similar mode of practice.

The prosecution is going to start investigations on political circles soon. We will keenly watch to see if the principles mentioned above are strictly applied in the process of this investigation. We assert that flawed traditions should not be allowed to remain simply

because they are traditional. At the same time, the sources of political funds for opposition parties, if any, should also be revealed, because we are now carrying out reforms.

'List of Charges' Faced by No Tae-u, Others

SK1912061095 Seoul THE KOREA HERALD
in English 19 Dec 95 p 3

[FBIS Transcribed Text] No Tae-u: former President, arrested and detained Nov. 16 on charges of taking 283.8 billion won in bribes from 35 business tycoons during his 1988-1993 term in office. The amount is part of the 500 billion won (about \$654 million) he confessed to amassing in slush funds during his tenure.

Chong Tae-su: chairman of Hanbo Group, charged with two separate charges of helping No launder 60.6 billion won into legal bank accounts and giving 15 billion won in return for favors on real estate deals in Seoul.

He was already indicted Nov. 29 for the latter account. The only business tycoon to be arrested, however, was released from detention last Thursday due to sickness, and will remain on parole till Feb. 14.

Kim U-chung: chairman of Daewoo Group, charged with giving No 15 billion won in bribes.

Yi Kon-hui: chairman of Samsung Group, charged with giving No 10 billion won in kickbacks.

Choe Won-sok: chairman of Dong-Ah Group, charged with giving a total of 19 billion won—15 billion won to No and four billion won to Yi Hyon-u, No's former chief bodyguard.

Chang Chin-ho: head of Jinro Group, charged with giving No 10 billion won in bribes.

Yi Kon: head of Daeho Construction, accused of giving No five billion won together with the head of Daelim Group.

Yi Chun-yong: head of Daelim Group, accused of giving No five billion won in bribes.

Kim Chun-ki: head of Dongbu, charged with giving No four billion won.

Yi Kyong-hun: head of Daewoo Corp., a subsidiary of Daewoo Group, indicted on charges of helping No launder 36.2 billion won of his illicit funds.

Yi Hyon-u: No's former chief bodyguard, indicted for helping No raise 85 billion won, while receiving 601 million won in bribes from businesses himself.

Kum Chin-ho: a ruling party lawmaker and husband of a sister of No's wife who worked as an active go-between

of the former President and businesses. He is alleged to have helped No raise 14.8 billion won.

Kim Chong-in: former senior presidential secretary for economic affairs, charged with soliciting six billion in bribes from tycoons for No.

Yi Won-cho: a former lawmaker, accused of raising three billion won from businesses for No. He is alleged to harbor most of No's monetary secrets.

Yi Tae-chin: a former presidential accountant, accused of helping No launder 520 million of his slush funds.

Political Parties Comment on No Tae-u Trial

SK1912044295 Seoul THE KOREA TIMES in English
19 Dec 95 p 2

[FBIS Transcribed Text] Ruling and opposition camps said in unison that the trial of former president No Tae-u should serve to break collusive ties between businessmen and political power.

No's trial is sad, adding that it will be recorded in history as one of the most infamous incidents.

Ruling New Korea Party spokesman Rep. Son Hak-kyu said although the trial is unfortunate, it is hoped to convince the nation that all are equal before the law. No should feel ashamed of what he did while in office. At the same time, he should reveal in detail how much money he supplied to presidential candidates in the 1992 election in the course of the trial.

The major opposition National Congress for New Politics said it is a natural course of events that No is standing trial. However, it is unfortunate it still remains in the dark how much of No's slush fund was dealt out to presidential candidates to help their campaign in 1992, spokesman Pak Chi-won said.

No's last contribution to the nation will be his revelation of all related to the campaign funding, said Pak.

The opposition Democratic Party [DP] said No's trial is an infamy to Korea, not a shame limited to No. All politicians should regard themselves as "sinners." They should consider themselves defendants at the national trial and henceforth dispense national affairs with more dedication and sincerity.

DP spokesman Yi Kyu-taek said such infamous incidents should not be repeated. For this, politicians should look where they are going so that they may not bungle into misdeeds.

The United Liberal Democrats [ULD] said No's case is an unfortunate incident in the nation's history. Such

grave corruption was the work of the present presidential system, the party said, adding that now is the time for the nation to give serious consideration to adopting the parliamentary system as a new form of government. The ULD went on to say that the prosecution should dig up not only No's slush funds, but also how much of No's money went to the ruling camp during the 1992 presidential election.

The ruling New Korea Party led by President Kim should apologize to the nation because its activities have been bankrolled by No's slush fund, ULD floor leader Han Yong-su said.

LG Group Gains Controlling Stake of Dacom Firm

*SK2012024195 Seoul THE KOREA HERALD
in English 20 Dec 95 p 8*

[By staff reporter Yu Chong-mo]

[FBIS Transcribed Text] The LG [Lucky-Goldstar] Business Group has emerged as the winner in a year-long fierce battle to secure a controlling stake in Dacom Corp.

The group, the nation's third largest conglomerate in terms of sales, succeeded in buying an additional 9.84-percent stake in Dacom for about 360 billion won in a public auction yesterday, becoming the telecommunications service company's largest shareholder.

Korea Long-Term Credit Bank (KLB), which offered in a competitive bidding Monday to sell off its 9.84-percent interest in Dacom, announced yesterday that it selected a consortium of two LG Group subsidiaries — LG Semicon and Dahwa Industrial Co. — as successful bidders. Dahwa Industrial, owned by Ho Wan-ku, an in-law of LG Group Honorary Chairman Ku Cha-kyong, is currently running a department store in Ansan, Kyonggi Province.

The two LG Group affiliates tendered the highest bidding price, 280,100 won per share, to acquire a total of 1,290,699 Dacom shares, said a KLB spokesman. He noted that the LG subsidiaries will pay 360 billion won in five-year installments. Hyundai Motor Co. and Saehan Media Corp. also competed in the KLB's auction of Dacom shares.

The largest shareholdership in Dacom had been pursued by at least four large conglomerates — Tongyang, Samsung, Hyundai and LG.

Through the purchase of additional shares from KLB, the LG Group's unofficial stake in Dacom rose from the current 17.29 percent to 27.13 percent.

"LG's passionate intention to enter the telecom service industry through the takeover of Dacom is clearly seen

in the fact that it submitted a bidding price of as much as 285,000 won per share, more than twice Dacom's current share price, 131,000 won per share," said an industry analyst.

"LG's 27.13-percent holding sharply overwhelms those of its competitors. Tongyang Group, LG's archrival in the Dacom takeover competition, is believed to have secured a total of 16.36 percent interest in Dacom," said the analyst.

The Samsung and Hyundai groups, both of which belatedly jumped into the takeover race, have garnered about 9.36 percent and 3.93 percent of the Dacom shares, respectively.

"Quite strangely to outsiders, the competing conglomerates refuse to reveal the exact amount of their shares in Dacom because the current Telecoms Business Law prohibits telecom equipment manufacturers from acquiring more than a 10-percent holding in wired telecom service carriers, such as Korea Telecom and Dacom," the analyst said. The limit on equipment makers' equity ownership was raised from 3 percent to the 10 percent about a year ago as part of the government's deregulation efforts.

Even under the revised telecom law, the stake of more than 10 percent is unlawful. For that reason, most of the conglomerates' interests in Dacom have been purchased in the name of their subsidiaries or business partners.

By the official counts, Tongyang, Samsung, LG and Hyundai hold about 9.57 percent, 9.36 percent, 2.45 percent and 3.93 percent, respectively, of Dacom.

The LG Group, which is involved in the manufacturing of telephone switching systems, fiber-optic cable and other infocommunications products, expects the government to ease the regulations on the equity ownership by the end of 1997 prior to the liberalization of the domestic telecom service market in 1998.

"By then, the upper ceiling on equity ownership in Dacom could be either raised to about 30 percent or abolished," the analyst said. Then the LG Group is expected to start participating in the management of Dacom on a full scale from early 1998, he said.

Despite its victory in the Dacom-share competition, however, the LG Group is not without worries.

Because of the Ministry of Information and Communication's regulation which obliges conglomerates to participate in their second choice of telecom service as a non-controlling shareholder with a stake of less than 5 percent, the LG Group may have to give up its ambition to win a personal communications service (PCS) license next year.

Dacom is scheduled to launch the nation's second long-distance call service next month, further brightening its future as a general telecom service carrier.

Set up in 1982 as a publicly-owned enterprise, Dacom is now offering international call and PC on-line services. The wireless data communications service and PCS are Dacom's next goals.

"Telecommunications is the industry of the future. The big conglomerates are anxious to enter the telecom

sector through participation in the management of Dacom," said the analyst.

Considering that all of the corporate shareholders of Dacom are manufacturers of telecom equipment such as telephone switching systems, large shareholders, not to mention the largest, will be put in a more advantageous position than others in supplying telecoms equipment for Dacom.

Burma**Plenary Session of National Convention Continues****Activities of 18 Dec Reported**

BK1812150195 Rangoon Radio Myanmar in Burmese 1330 GMT 18 Dec 95

[FBIS Translated Text] The plenary session of the National Convention continued at 0900 today at the Central Conference Hall in the President's Residence Compound on Ahlone Road in Yangon [Rangoon].

The plenary session was attended by 515 out of 590 delegates eligible to attend the convention.

At the plenary session, Dr. Maung Maung Sein, a delegate, read and presented Part 1 of the special invitees delegates group's collective proposal to prescribe the detailed basic principles to organize the chapter on judiciary that will be included in the formulation of the state constitution while U Daban Lote Let, a delegate, read and submitted Part 2 of the collective proposal. U Hkun Sein Win, a delegate, read and presented the Union Pa-o National Organization's proposal; U Anthony Suu, alias U Hla Yaung, a delegate, read and presented the Shan State Kokang Democratic Party's proposal; U Maung Kyaw Oo, a delegate, read and submitted the Mro or Khami National Solidarity Organization's proposal; U Kya Har Shae read and presented the La-hu National Development Party's proposal; U Manh Tin Maung, alias U Manh Myo Nyunt read and presented the Union Kayin [Karen] League's proposal; U Khin Maung Aye, a delegate, read and presented the Kokang Democracy and Unity Party's proposal; and U Nyi Paloke, a delegate, read and presented the Wa National Development Party's proposal on the same subject. The plenary session ended at 1445 and will resume at 0900 on 19 December.

Activities of 19 Dec Reported

BK1912154795 Rangoon Radio Myanmar in Burmese 1330 GMT 19 Dec 95

[FBIS Translated Text] The plenary session of the National Convention continued at 0900 today at the Central Conference Hall in the President's Residence Compound on Ahlone Road in Yangon [Rangoon].

The plenary session was attended by 507 out of 590 delegates eligible to attend the convention.

At the plenary session, U Sai Aik Paung, a delegate, read and presented Part 1 of a proposal of the Shan Nationalities League for Democracy [SNLD] representing the political parties delegates group to prescribe the detailed basic principles to organize the chapter on ju-

diciary that will be included in the formulation of the state constitution while U Sai Nyunt Lwin, a delegate, read and presented Part 2 of the SNLD's proposal. U Tun Yin Law, a delegate, read and presented the proposal of the National Unity Party [NUP] representing the political parties delegates group. U Yaw Aye Hla was supposed to read and present the proposal of U Yan Kyin Maw, a delegate of the Shan State Kokang Democratic Party [SSKDP] representing the representatives-elect delegates group. Instead, he told the session that to save time he decided not to read the proposal because it was identical to the proposal of the SSKPD representing the political parties delegates group that was read and presented on 11 December 1995. U Yaw Aye Hla presented the proposal to the alternate chairman. U San Tha Aung, a delegate of the Mro or Khami National Solidarity Organization representing the representatives-elect delegates group, read and presented his proposal. U Hkun Tun Oo, a delegate, read and presented Part 1 of the proposal of SNLD delegates representing the representatives-elect delegates group while U Sai Tun Aung, a delegate, read and presented Part 2 of the proposal and U Sai Tin Win, a delegate, read and presented Part 3 of the proposal. U Thet Wai, a delegate, was supposed to read and present the proposal of delegates of the NUP representing the representatives-elect delegates group. Instead, he informed the session that to save time he decided not to read the proposal because it was identical to the proposal of the NUP representing political parties delegates group that was read and presented in the morning. He submitted the proposal to the alternate chairman. The plenary session ended at 1515, and will resume at 0900 on 20 December.

194,756 Refugees Said Repatriated From Bangladesh

BK2012112695 Rangoon THE NEW LIGHT OF MYANMAR in English 3 Dec 95 p 5

[FBIS Transcribed Text] A total of 47 persons from nine households were transferred back to Kanyinchaung camps on 28 November under an agreement reached between Myanmar [Burma] and Bangladesh.

Altogether 194,756 persons of 39,260 households have been transferred back since 22 September 1992.

Brunei, Malaysia & Singapore**Malaysia****Authorities Detain Indonesian Fishermen**

BK1912130295 Kuala Lumpur NEW STRAITS TIMES in English 18 Dec 95 p 12

[FBIS Transcribed Text] Lumut, Sun. — The Marine Division of the Fisheries Department today detained 30

Indonesian fishermen for allegedly fishing in Malaysian waters early today.

Department Zone VII operations chief Zawawi Ali said the fishermen, aged between 15 and 72, were arrested in Operasi Sepadu [combined operations] at 1.15am 25 nautical miles off the west of Pangkor island.

The trawler, some fishing equipment and about 900kg of fish were also seized.

The fishermen, believed to be from Sumatera, will be charged in court tomorrow.

The skipper is liable to a maximum fine of RM [Malaysian ringgit] 1 million while the rest are liable to a maximum fine of RM100,000 each.

Daily Views Outcome of Fifth ASEAN Summit

BK2012060195 Kuala Lumpur NEW SUNDAY TIMES in English 17 Dec 95 p 14

[Editorial: "A Bigger and Better ASEAN"]

[FBIS Transcribed Text] Nations frequently relate to one another like people do. Relationships vary from a nodding acquaintance to a collective identity that is greater than the sum of its individual constituents. Even more than personal friendships, foreign and international relations need to proceed from a hard-headed and sometimes cynical evaluation of mutual benefit and common interest. Only when closer familiarity brings tangible and equitable gains will nations, like people, derive the incentive to forge a working union of members. As far as Asean is concerned, the stage of common-interest calculation has long since elapsed, and the case made that Southeast Asia would have much more to gain than lose from regional cooperation and the synergies which ensue from it. The Fifth Asean Summit in Bangkok last week has indeed come a long way from the Asean Declaration of shared benefit and interest that led to the grouping's founding in the same city 28 years ago. The slippery post-independence grounds on which the group of nations had stood on has been cemented by the institutionalisation of Asean and the rapid development that has thereby flowed.

Although there is plenty to be implied by association, Asean is now much more than a status-climbing club in which new members desire to join by counting gains. Asean's patient and often time-consuming consensus-building, though glacial for some, has nevertheless acquired its own momentum. The most irritating reminder of the ideological polarity of the Cold War had been in the continued existence of Asean and non-Asean countries. For this reason, the Indochinese countries have been just as eager as the Asean Six to see the group-

ing's enlargement to a 10. Joining Asean, however, is not simply about choosing the right side. The grouping has been renowned, not just for its staying power, but for its hidden, untapped potential, and for the widespread recognition of its pending capability as a regional pact to be reckoned with. It is for its own continued relevance and survival that Asean must strike out on its own. Because the combined weight of the grouping can only be measured by the extent to which its constituent members can work and achieve together, Asean needs to develop more of the committees, acronyms and joint platforms that it has already developed a reputation for.

Apart from spreading the welcome mat for three prospective members — Cambodia, Laos and Myanmar [Burma] — the Bangkok summit endorsed a range of measures that will enhance the consensus-building ethos that has been Asean's glue. However, as busily as Governments co-operate, it is what filters down to ordinary people that will count most in the long run. Even strong links in history, culture and ethnic origin may not be a match against the powerful global communications that are coming on-line in most of the region. Regional kinships can only go so far through the goodwill of Governments. Modern communications make direct ties between people not just possible, but inevitable, in time to come. The creation of a shared Asean identity will remain a wishful-thinking blueprint as long as the working relationships and shared enterprises of nations are confined to their Governments alone. More of the evidence for regional integration will have to emanate from the familiarity with which Asean citizens work and deal with one another. Among the summit's decisions, those that pertain to the Asean Free Trade Area (Afta) have been most significant to this end.

Although the Asean nuclear-free treaty has grabbed the headlines in Bangkok, most of the grouping's diplomatic co-operation is no less essential for being mundane. Decisions on international, security and inter-regional affairs, including those on the East Asia Economic Caucus and the peaceful resolution of the South China Sea dispute, will bolster its pride of place on the world stage. Asean's uniqueness will be established on how high it can stand on its own, and on how uniquely its own people can stand together on their own.

Singapore

Editorial Promotes ASEAN Ties With India

*BK2012110095 Singapore THE STRAITS TIMES
in English 20 Dec 95 p 28*

[Editorial: "Bringing India Back to Asia"]

[FBIS Transcribed Text] It is largely a result of Prime Minister Goh Chok Tong's initiative that Asean's Bangkok summit took a big step to narrow the gap between the countries of South-east Asia and India, Asia's third biggest economy. The decision to upgrade India to the level of a full dialogue partner acknowledged the progress made since Prime Minister Narasimha Rao set the liberalisation ball rolling in 1991. More pertinently, it reaffirmed faith in the future of the reform process. The action was not unexpected. Nor does it signify the end of the road. Flowing from earlier decisions to establish a sectoral dialogue between Asean and India in trade, investment, tourism, science and technology, it may mark a milestone along India's emergence, to quote Mr. Goh, "as a major player in Asia", especially in trade fora and security mechanisms.

So far, the evolution has not lived up to Finance Minister Manmohan Singh's claim at last year's World Economic Forum meeting in Singapore that India was "very keen to develop new dynamic links of trade, investment and technology flows" with the rest of Asia. The fault may be mutual. What matters more is that there was not enough substance even in the five identified areas of cooperation to justify procedural acceleration. But Mr. Goh looked beyond what was not happening on the ground to a future in which India would contribute "to the larger historic transformation of the Asia-Pacific region." Not that the Asean leaders who met in Bangkok last week were carried away only by vision. Underlying their deliberations was the long-term assessment that, as the fifth largest economy in the world based on purchasing power parity, India has the potential to sustain Asian dynamism if growth slows down in Europe and the United States, or there is internal dissonance in China.

In the view of Asean's secretary-general, Mr. Ajit Singh, the Asean Free Trade Area will benefit from the impact of economic reforms on "the magnitude of the Indian market which has more than 160 million consumers in the higher income group." His optimism is borne out by the report of the Asean-India Expert Group on Trade and Investment Cooperation which was set up last year to investigate the relationship, past, present and future. Finalised in February by Mr. Mukul Asher of the NUS [National University of Singapore] and Mr. Wisarn Pupphavesa, director of the Thailand Development Research Institute Foundation, the document noted such

advantages as India's expertise in modern technologies, a legal framework, sound corporate practices, and facility with the English language. A full-blown Asean-India relationship, it argued, would "add to the long-term economic stability and security of the region."

The obstacles go beyond "a lack of information and a lack of communications." There is the question of image. Also, the complacent feeling that each has done quite well without the other until now. Some problems may be psychological. Even where Asean countries are the major importers and India is an exporter, the former prefer to buy elsewhere. This also applies in reverse. The report suggests an action programme to overcome handicaps. Mr. Ajit Singh's proposal for an Asean-India round table conference to identify ways of expanding trade and investment is another notion worth taking up. This is only the beginning for both sides. Both desire a balanced concert of Asia. India's involvement in the Asean Regional Forum would help to supplement the two other major Asian powers in the event of a cutback of American forces. In addition, India sees membership of Apec [Asia-Pacific Economic Cooperation] as a means of realising its economic potential. The wider Asia-Pacific community would have much to gain from the active participation of a politically stable and economically resilient country. But first things first. More interaction is necessary to establish linkages on several fronts, to dispel ignorance and inspire confidence. Trade is the obvious plank for India's return to Asia.

Cambodia

Sihanouk Confirms Sirivut Departure for France

*BK1912142195 Phnom Penh National Radio of
Cambodia Network in Cambodian
1300 GMT 19 Dec 95*

[Report on message from King Norodom Sihanouk to First Prime Minister Norodom Ranariddh and Second Prime Minister Hun Sen dated 18 December]

[FBIS Translated Text] On 18 December His Majesty Norodom Sihanouk, revered king, addressed a message to Samdech Krompreah Norodom Ranariddh, first prime minister; and to Samdech Hun Sen, second prime minister of the Royal Government of Cambodia, specifying that his younger brother, Prince Kromkhun Norodom Sirivut, was temporarily granted freedom on the morning of Tuesday 19 December 1995.

The king added that he will keep Prince Kromkhun Norodom Sirivut alone in the Khemarin pavilion and that no visitor will be allowed except his wife, Princess Christine Sirivut. However, Princess Christine will not

be allowed to remain in the Khemarin pavilion. The king stressed that Prince Kromkhun Norodom Sirivut will not be allowed to return to his residence.

As for the departure procedure, the father of national reconciliation assured the two samdech prime ministers that when the aircraft is ready to leave Pochentong airport for France, a royal palace car will take Prince Kromkhun Norodom Sirivut to the staircase of the aircraft. Prince Kromkhun Norodom Sirivut will then leave the Kingdom of Cambodia for France for good.

Article Urges Fair Trial for Sirivut

BK2012074095 Phnom Penh PHNOM PENH POST
in English 15-28 Dec 95 p 9

[Article by Dr. Lav Mong-hay, director of the Khmer Institute of Democracy: "Sirivut in the Dock, Cambodia on Trial"]

[FBIS Transcribed Text] The leaders of the four Cambodian warring factions made the 23rd of October 1991 an historic moment when they decided in front of the world to drop their violent, armed struggles for the non-violent, peaceful and civilized way of gaining the exclusive powers to rule from the Cambodian people through the ballot boxes, and together with their respective backers and a number of countries concerned over the plight of the Cambodian people, signed in Paris the Agreements on a Comprehensive Political Settlement of the Cambodia Conflict. There was then a drastic change of mind and attitude, and all those leaders deserved much praise for this change which humankind has ceaselessly been working toward for so long.

However, as this author noted then and wrote later on: "The atmosphere surrounding the signing of those agreements was hardly one of joy, peace and national reconciliation as one might have expected at the end of the arduous endeavors for peace. The SNC (Supreme National Council) members and their respective assistants, especially from SOC (State of Cambodia) and from the Khmer Rouge, did not reach out to one another to signal their rapprochement. There was no joint celebration. Perhaps the signing marked another stage of their war in Cambodia and that they needed to carry on fighting until their final victory as had been done in the past. A comment in Beijing Review after the signing of the peace agreements aptly pointed to the efforts required to ensure their smooth and effective implementation: 'Although the signing of the Paris peace treaty indicates the ultimate resolution of the Cambodian problem, it is no easy job to turn the agreements on paper in to realities. Continued efforts by all parties concerned are required to ensure its full implementation.'"

The Khmer Rouge backed down and did not take part in the electoral process under the United Nations Transitional Authority in Cambodia (UNTAC), and have continued their war ever since. The UNTAC-organized elections were held regardless in May 1993. A Constituent Assembly transformed later on into the National Assembly, a Constitution and a new and legitimate government were born amid an impaired peace. *Après l'orage c'est le beau temps*, so it was then expected. Pluralist liberal democracy, and respect and observance of human rights provided for in the Paris Agreements were confirmed and enshrined in the country's Constitution of 24 September 1993: Cambodia was to have the rule of law and be known as a free country.

Indeed freedom and respect for human rights were emerging with vigor in almost all sections of the Cambodian population, but some remained wary and skeptical and would rather wait and see before coming to any conclusion either way. In the second year of the Constitution in 1994, disturbing developments began to emerge. Journalists were receiving threats and intimidations; several newspapers were suspended; the government brought several journalists to court; and several journalists were killed in mysterious circumstances while the press law was being drafted. The journalists brought to court received severe sentences while the enacted press law curtailed the Constitutional right to free speech.

In 1995 Sam Rangsai, MP for Siem Reap and the Minister of Finance, was sacked from the Government. Later on he was expelled from his party, FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], and, in June, from the National Assembly altogether. In September a grenade was thrown at the Son Sann faction's office of the Buddhist Liberal Democratic Party (BLDP) and another at its followers resting at a nearby Buddhist monastery while that faction was organizing its party's congress in defiance of warnings from some government quarters that there might be grenade attacks at the gathering.

Hardly a month later, a group of peasants from the Krang Yov region whose development is personally sponsored by the Second Prime Minister came to attack the office of an "opposition": New Liberty Newspaper. Kaoh Santepheap newspaper and later on the Second Prime Minister himself justified such a attack while little voice was raised to condemn such violence.

In the middle of November Prince Norodom Sirivut was reported by a local newspaper that he was scheming an assassination plot against the Second Prime Minister. A

few days later troops and tanks were sent to surround his house in order to "protect" him. Two days later the National Assembly unanimously lifted his immunity. Soon after an arrest warrant based on the charges that he was plotting to overthrow the government was issued and he was arrested and remanded in custody. Prince Norodom Sirivut is the Secretary-General of FUNCINPEC, the victorious party at the last elections; he is an MP; he is former Foreign Minister who had resigned his ministerial post in a very noble way; he is a member of the royal family; and he is half brother of the King of Cambodia. He is also known as a strong supporter of democracy and human rights. Now he is detained and is awaiting trial.

Nothing should be done to interfere with the court proceedings and influence that trial. No one including the King can be above the law. *Dura lex set lex*, the law is harsh but it is the law; it has been made for or against no one in particular. All are equal before it. However, Prince Sirivut is entitled to full rights while in detention, and to a fair, public trial.

Because of his position, of his arrest and detention reportedly not in conformity with the legal procedures in force, of the reported threat used for the lifting of his immunity, of the National Assembly's questionable way of lifting that immunity, Sirivut's case has attracted a lot of attention, concern and criticisms all over the world, and Cambodia has now become once again a spotlight of the world, for a different reason this time. The international community will be following closely the attitude and the workings of the judiciary and the courts of law in Cambodia. Their handling or mishandling of the case will engage their own stature and reputation, whether they can be seen and trusted as having competence, independence and impartiality.

More importantly, they will engage the reputation of the Cambodian nation as a whole and influence the perception of this nation by the international community, whether this nation can be trusted to keep its promises and honor its obligations under the various international agreements, including the Paris Peace Agreements and the international human rights instruments, it has signed; and whether it can live in peace with itself as an independent and sovereign nation on the road to civilization paved by the Paris Peace Agreements, and worthy of past and continued international assistance and of a place in the international community.

The judiciary and the courts now have a good opportunity to prove themselves. They should not miss it. They should show to the world that they are indeed competent, independent and impartial, and ensure that Prince Norodom Sirivut will have a fair, public trial.

Prince Norodom Sirivut indeed will be in the dock, but Cambodia itself will be on trial for the world to judge. The truth that will come out of that trial will reveal a lot of truth about the Cambodian nation.

Two More Suspected Rebel Terrorists Arrested

*BK2012034495 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 20 Dec 95 pp 1, 5*

[Report by Neay Tek]

[FBIS Translated Excerpt] According to the Judicial Police, two more suspected Khmer Rouge terrorists were arrested on 17 December, that is in addition to the seven caught last Thursday [14 December]. The nine have been charged with attempting to create turmoil in Phnom Penh by strewing leaflets and throwing grenades.

The Phnom Penh prosecutor on 18 December issued an injunction presenting the cases of the nine to an examining magistrate who, in turn, issued an order remanding them in custody in No. 1 Prison pending a court investigation.

The nine suspected Khmer Rouge terrorists are: Loem Hau, 43; Ruos Daok, 39; Van Bunthoeun, 32; Tip Chenda, 47; Prum Son, 66; Tang Sin, 32; Khun Hon, 47; Siem Sopheareak, 27; and Prak Sarin, 30. [passage omitted]

Rangsi Told To Wait for Electoral Law

*BK2012052995 Phnom Penh PHNOM PENH POST
in English 15-28 Dec 95 p 2*

[Report by Jason Barber]

[FBIS Transcribed Text] Sam Rangsi has the right to start a new political party - but not until he meets the requirements of a new law not yet written and unlikely to be enacted within a year - according to co-Minister of Interior Yu Hokkri.

Hokkri's declaration effectively suspends the constitutional right of Rangsi, or anyone else, to start a political party until a new electoral law is drafted and passed by the National Assembly.

It will take about a year for the new law to be ready, Hokkri said this week.

A month of wrangling over the legality of Rangsi's Khmer Nation Party (KNP) has culminated in a Ministry of Interior edict that the party will not be allowed to establish any offices.

In a Dec 7 letter to Rangsi, Hokkri and his co-Minister Sar Kheng wrote that KNP was barred from opening offices until the party was "officially recognized" by the

government. The ministers also objected to the KNP's logo - which features the image of the ancient Khmer King Jayavarman VII - because they said Royal symbols could not be used by political parties.

Hokkri said this week that as well as not opening any provincial offices, Rangsi would have to close the KNP's headquarters in Phnom Penh.

Hokkri threatened that the police would close down the headquarters if Rangsi refused to, saying: "I think that measure will be taken but I can't elaborate on that."

He said Rangsi should ensure that a KNP sign outside its headquarters be removed, and that no "political activity" be conducted on the premises.

Government officials have consistently alleged that the KNP was illegal since its Nov 9 launch, attended by about 1,000 people including several foreign ambassadors, in Phnom Penh.

Initially, the Ministry of Interior had asked Rangsi to meet requirements of the UNTAC [UN Transitional Authority in Cambodia] electoral law - which governed the 1993 national election - including providing a list of 5,000 registered party supporters.

Rangsi has maintained he is not obliged to meet the UNTAC law provisions but has still given some information, including the list of supporters, to the ministry.

Hokkri said this week that Rangsi had not met all of the UNTAC law provisions before launching his party, and had disputed whether they were applicable to him.

"Since he contests the law, we think it's better to wait until the new law is adopted," he said.

He confirmed that no new parties would be recognized by the government until the new electoral law was in force, which was likely to be "about a year away."

Hokkri disputed that the government's stance was unconstitutional. Article 42 of Cambodia's Constitution guarantees the freedom for people to establish associations and political parties and says that "these rights shall be determined by law."

Hokkri said that the government now considered the UNTAC law outdated, as it would be replaced by a new law which would determine the regulations that new political parties would operate under. In the meantime, none could be started.

Hokkri, asked about possible legal action against Rangsi or other KNP members if the party was not closed, said: "I think that Mr. Sam Rangsi must show that he respects the law. If he wants to create trouble, that's up to him."

Rangsi was in Paris at the Post's press time but KNP vice-president Nguon Soeu said the party was legal under the UNTAC law.

Soeu said the Constitution provided for existing laws to remain in force until they were replaced with new ones, and this clearly included the UNTAC electoral law.

"Yu Hokkri used to go to law school. He should know about this, but he pretends not to know. If so, he has already violated the Cambodian Constitution," he said.

Illegal Logging Continues Despite Ban

*BK2012070795 Phnom Penh PHNOM PENH POST
in English 15-28 Dec 95 pp 4, 5*

[Report by Mang Channo]

[FBIS Transcribed Text] Koh Kong — The persistent buzz of a military-owned and run timber mill can be heard just a few kilometers from Koh Kong town. A gray Cambodian navy gunship, part of a 20-strong fleet, patrols for illegal timber traders in the Koh Kong inlet that opens into the Gulf of Siam.

Deputy Governor Pal San said that the Post could visit the mill, but only under police escort. That costs money.

This is the reality of Koh Kong: timber is being cut and shipped out, according to Pal San, "on the same scale as before the (April 1995 export) ban." And officialdom and the military are getting the lion's share of the profits.

"Everybody is the same," Pal San said, lumping together officials from every ministry, either locally or from Phnom Penh.

Pal San said that if any official came from Phnom Penh professing honesty, that person-without exception-would become corrupted.

According to British-based environmentalists Global Witness, whose directors recently finished their third investigation into Cambodian logging, the Government's timber cutting and export ban has resulted in a much-reduced crossborder trade.

The gross exceptions are in Koh Kong and around Anglung Veng.

Timber illegally shipped out of Koh Kong - including logs felled in Ream national park - goes to the Thai fishing port of Kalapangha. Twenty-five Thai fishing boats, and an unknown number of Cambodian boats, ply the trade, according to a Global Witness report.

Thai authorities make no attempt to stop the weekly trade of more than 6,000 cubic meters of timber, in direct contravention to the Cambodian Government's ban, the report says.

A 5,000 baht (\$200) bribe is payable to the Cambodian authorities, it says.

Reports from Koh Kong suggest the trade with Thailand is actually increasing.

Koh Kong's districts such as Botumsakor, Dang Tong, Thmar Bang and Sre Ambel are the most active.

The Cambodian gunships which have been given free rein by the Government to open fire on illegal timber traders cannot help but see the vast trade going past them. The ships patrol just a few kilometers off-shore, and can be easily seen from land.

Pal San said that at least 500 loggers with chain saws are cutting trees and nearly a hundred trucks and bulldozers are helping to rebuild roads for removing timber from deep forests. They are charged \$160 "tax" by the Khmer Rouge, and \$120 by the Cambodian military, he said.

Pal San estimated that at least 800 cubic meters are being cut every day, roughly concurring with Global Witness' estimation of the Kalapangha imports.

He said that he had not had any success in stopping illegal logging because of total corruption and lawlessness. Illegal loggers either deal directly with the military, police and Khmer Rouge, or actually belong to those groups, he said.

The navy, rather than policing the seas, actually protect the trade for money, he said. Illegal loggers and exporters are using larger boats now instead of small ones, because \$150 "taxes" payable at checkpoints eat into their profits too much, he said.

An officer at Ta Teng, one of Dang Tong's communes, who would not be named, said forests had been cleared-felled in recent months.

He said one of the islands "is already bald like a monk's head."

"They are the same," he said of police, local authorities and the military. "Anyone who has power is a winner," he said.

Pal San admitted that Dang Tong district officers are dealing with logging companies without talking to him.

Un An, a military officer at Sre Ambel waterfront checkpoint, said that two licenses were issued after the ban on logging exports. One of 20,000 cubic meters was issued in July by National Police chief Hok Langdi and the co-Minister of Defense Tea Chamrat. Another of 20,000 cubic meters was issued by the provincial governor, Rung Phlamkesan, and the chief of Koh Kong military, Pich Chen-ho.

Un An said that the timber under these licenses had never been checked by any authority, and the amount of timber could be closer to double the approved 20,000 cubic meters.

Minister of Agriculture Tav Senghuo could not comment on the allegations. Hok Langdi would not talk directly to the Post, but his adviser Y'm Vanna said that Langdi had never given permission to any company to export timber after the logging ban.

Pich Chen-ho said that he only approved a 50-cubic meter concession for the police to build their base. He did not know if there was illegal timber being exported from Koh Kong.

"I am not responsible to follow up," he said. "Here, we have an inter-ministerial committee which has been set up to stop illegal timbers. I am not interfering with their work," Chen-ho said.

Pal San however complained that the inter-ministerial committee set up by Phnom Penh was demonstrably unsuccessful and corrupt.

"They have gunships and helicopters but they haven't confiscated a single log. The timber [trade] goes on and on everyday," he said.

"Here, if anyone comes, they will lose their honesty because of money.

"Sometimes I find it very difficult myself because the majority agree to make money rather than protect [forests]," San said.

Un An, meanwhile, said that Chen-ho asked his team to release a boat which had been confiscated at the Sre Ambel checkpoint.

Un An also said that he must accept a "tip" of between 100 to 500 baht because he could not survive on his \$20 a month salary and besides "we have to do so because our bosses are an example. They are corrupt. We are living in a dangerous places, perhaps the target for Khmer Rouge to attack. But they [the chiefs], they don't care about us."

"They're staying in the city. They care only for their villas and luxury cars. So who am I to care?" he asked.

"I have my children and my wife. A little tip is not enough for us to survive," he said.

Tav Senghuo, the Minister of Agriculture, who recently visited Koh Kong, said that the government must stop the illegal logging.

"I understand we haven't succeeded in cracking down on illegal timber exports. You may know this problem

because of certain armed groups who used their power or mandate for their own interests. They don't care about our national interests," said Senghuo.

He said that military, police officers and provincial governors promised him that they will stop all forms of corruption.

Khmer Rouge Nationality, Immigration Laws

BK1912124695 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 18 Dec 95

["Text" of Laws on Nationality and Immigration ratified by the Provisional Government of National Union and National Salvation in Cambodia on 18 December]

[FBIS Translated Text] Preamble:

I. The Cambodian nation and people strictly uphold the five principles of peaceful coexistence with all countries, near or far — namely, respect for each other's sovereignty and territorial integrity; nonaggression; noninterference in each other's internal affairs; equality; and mutual benefits.

The Cambodian nation and people firmly adhere to this stand and ethics forever.

II. On 25 December 1979, the SRV attacked, invaded, and occupied Cambodia in a bid to realize its Indochinese Federation strategy and transform Cambodia into a second Kampuchea Kraom [ancient Cambodian territory annexed by Vietnam]. It installed a communist Vietnamese puppet regime; signed treaties and agreements to swallow up Cambodia; portioned off tens of thousands of square kilometers of eastern Cambodia's territory, sea, and islands; and swamped Cambodia with more than 4 million ethnic Vietnamese as part of its aggressive forces to wolf down Cambodia in all fields and sectors. This military and demographic war has most seriously threatened the survival of the entire Cambodian nation, people, and race.

III. However, during these past 17 years the Cambodian nation and people have waged a highly heroic and tenacious struggle against the communist Vietnamese war of genocide to defend the interest of the nation and people, and to preserve their millennia-old honor, identity, and culture within an independent, sovereign, unified, peaceful, and neutral Cambodia having all of its territorial integrity respected according to the map recognized internationally before 1970, a Cambodia thriving under a liberal democratic, multiparty, parliamentary, and market-oriented regime where all aspects of human rights and freedoms are honored.

This is the inalienable right of all countries and peoples as clearly stipulated by the UN Charter and international law.

IV. The Cambodian nation and people do not wish to oppose Vietnam and its people in their capacity as a country and people who truly respect Cambodia's independence, sovereignty, and territorial integrity. The Cambodian nation and people make a clear distinction between the Vietnamese people and the communist Vietnamese aggressors.

V. In the spirit of the laws of pre-1970 Cambodia; based on the principles of international law and the Geneva Convention of 12 August 1949, which forbids an invading country from sending its nationals to take up residence in the invaded country; in the spirit of the resolutions taken by successive UN General Assembly sessions concerning the situation in Cambodia from 1979 to 1991; and based on the 23 October 1991 Paris agreement, which calls for the withdrawal of all types of aggressor forces from Cambodia and forbids their return to Cambodia; in its capacity as the representative of the Cambodian nation and people, the Provisional Government of National Union and National Salvation [PGNUNS] prepared a law on Cambodian nationality and a law on immigration in Cambodia without any sense of nationalist, racist, or religious extremism.

The PGNUNS prepared these two laws not for demagoguery, deception, or trickery like the nationality and immigration laws of the two heads. The PGNUNS prepared these two laws to be rigorously and strictly implemented throughout Cambodian territory.

The two laws read as follows:

The Law on Cambodian Nationality Prepared by the PGNUNS:

Article 1. Anyone who, for generations, has always had Cambodian nationality before 1 January 1979, as well as each of his subsequent children, is a Cambodian national.

Article 2. A Cambodian national who has lived overseas and has acquired foreign nationality remains a Cambodian national if he has not renounced his Cambodian nationality.

Article 3. All Cambodian nationals have the same rights and duties.

Article 4. All Cambodian nationals have the inalienable right to live in an independent, sovereign, unified, peaceful, and neutral Cambodia with all of its territorial integrity.

Article 5. All Cambodian nationals enjoy democratic rights and freedoms in all aspects and forms of their political, spiritual, and material lives, such as the right to own land; the right to engage in businesses and professions and to have any preferred life-styles; the right to set up different political parties, associations, trade unions, and mass organizations; the right and freedom to express views, to write, to publish, and to stage demonstrations and strikes in defense of their own professional interests; the right to correspond, travel, and take residence; and the right and freedom of worship and joining any religion.

Article 6. All Cambodian nationals have the duty to contribute to defending and building an independent, sovereign, unified, peaceful, and neutral Cambodia with all its territorial integrity and turning it into a developed and prosperous country.

Article 7. An alien may acquire Cambodian nationality if he/she fulfills all the following qualifications:

1. Used to live in Cambodia up to 1970 for an uninterrupted period of at least five years; or, for an uninterrupted period of at least five years, has lived in Cambodia after Cambodia permanently achieves peace and national reconciliation and has a national government.
2. Speaks Cambodian.
3. Upholds Cambodian customs, culture, and traditions.
4. Does not live in a separate community.
5. Does not conduct activities that directly or indirectly harm Cambodia's independence, sovereignty, unity, peace, security, neutrality, and territorial integrity.

Article 8. An alien who applies for Cambodian nationality shall go through a five-year period of observation of the above qualifications.

Article 9. An alien who has earned his Cambodian nationality shall fulfill the qualifications for 10 years before earning the right to conduct political activities; the right to join the elections of people's representatives into the national institutions; and the right to perform state services, be it military or civilian.

Article 10. Any alien who has taken part in communist Vietnam's aggressive activities against Cambodia since 25 December 1978, either directly or indirectly, shall be considered as a force of aggression and shall not have the right to obtain Cambodian nationality.

Article 11. All laws and documents concerning the bestowing of Cambodian nationality by the communist Vietnamese aggressors and the puppet regime that they

have installed in Cambodia shall be considered null and void.

Article 12. The falsification of documents and disguise as a Cambodian national under whatever form shall be punished.

Article 13. The cabinet of the PGNUNS ratified this law on 18 December 1995.

Article 14. This law goes into effect as of 1 January 1996 throughout Cambodian territory until Cambodia permanently achieves peace and national reconciliation and has a national government.

Article 15. This law shall be rigorously implemented because Cambodia's current situation is as follows:

1. Communist Vietnam is committing aggression.
2. The alliance and the two heads are carrying on communist Vietnam's war of aggression.
3. More than 4 million ethnic Vietnamese have already taken residence in Cambodia and tens of thousands of ethnic Vietnamese are crossing the Vietnamese-Cambodian border everyday to constantly rob our nation and people of their resources.

This situation seriously threatens the survival of the Cambodian nation, people, and race, bringing Cambodia to the verge of becoming a second Kampuchea Kraom.

Article 16. The Prime Minister's Office, the Ministry of Immigration, the Ministry of Foreign Affairs, all provincial committees, various departments related to national security, and the National Army are assigned the duty to implement this law.

Cambodia, 18 December 1995

[Signed] Khieu Samphan, prime minister and minister of the National Army of the PGNUNS

Law on Immigration in Cambodia Prepared by the PGNUNS:

Article 1. Any alien who resides and does business in Cambodia shall fulfill the following conditions:

1. Respect Cambodia's independence, sovereignty, unity, peace, neutrality, and territorial integrity according to the map internationally recognized before 1970.
2. Respect the laws, customs, culture, and traditions of the Cambodian nation and people.
3. Refrain from conducting any activities hostile to the Cambodian nation and people; does not harm national and communal security.
4. Does not harm the interests of the Cambodian nation and people; does not destroy national resources — land,

forests, rivers, lakes, ponds, sea, and islands — and does not harm Cambodia's national heritage.

Article 2. Any alien who conducts subversive or espionage activities to undermine the interests of the Cambodian nation and people in violation of the above conditions shall be punished.

The severity of the punishment shall be commensurate with the severity of the crimes and shall include banishment from Cambodia.

Article 3. Any alien who has taken part in communist Vietnam's aggressive activities against Cambodia since 25 December 1978, either directly or indirectly, shall be considered as a force of aggression. Such a person, on the one hand, has no right whatever to be an alien resident and, on the other hand, shall be given punishment according to the severity of his criminal activities, including banishment from Cambodia.

Article 4. Cross-border alien traders shall be required to carry proper permits.

Article 5. All laws and documents concerning immigration issued by the communist Vietnamese aggressors and the puppet regime that they have installed in Cambodia shall be considered null and void.

Article 6. Alien residents have no right to own land in Cambodia. However, they may lease land in Cambodia. The size of the land and the duration and other conditions for the lease shall be set case by case within the framework of the existing laws, taking into consideration the interests of both contracting parties without harming the sovereignty and the interests of the Cambodian nation and people.

Any contracts and agreements signed with dishonest foreign traders by the two heads, which are harmful to the interests of the Cambodian nation and people, destructive to the national resources — land, forests, rivers, lakes, ponds, sea, and islands — and injurious to the national heritage, shall be considered null and void.

Article 7. Alien residents have no right to conduct political activities, no right to take part in the elections of people's representatives into the national institutions, and no right to perform state services, be it military or civilian.

Article 8. Specialized traditional professions of the Cambodian people, such as farming, fishing, blacksmithing, carpentry, house-construction, handicrafts, and rubber tapping, are reserved for Cambodians only.

Article 9. The falsification of immigration documents under whatever forms shall be punished.

Article 10. This law does not affect the Vienna Convention dated 18 April 1961 concerning diplomatic relations and the Vienna Convention dated 24 April 1963 concerning relations in general.

Article 11. The cabinet of the PGNUNS ratified this law on 18 December 1995.

Article 12. This law goes into effect as of 1 January 1996 throughout Cambodian territory until Cambodia permanently achieves peace and national reconciliation and has a national government.

Article 13. This law shall be rigorously implemented because Cambodia's current situation is as follows:

1. Communist Vietnam is committing aggression.
2. The alliance and the two heads are carrying on communist Vietnam's war of aggression.
3. More than 4 million ethnic Vietnamese have already taken up residence in Cambodia and tens of thousands of ethnic Vietnamese are crossing the Vietnamese-Cambodian border everyday to constantly rob our nation and people of their resources.

This situation seriously threatens the survival of the Cambodian nation, people, and race, bringing Cambodia to the verge of becoming a second Kampuchea Kraom.

Article 14. The Prime Minister's Office, the Ministry of Immigration, the Ministry of Foreign Affairs, all provincial committees, different departments related to national security, and the National Army are assigned the duty to implement this law.

Cambodia, 18 December 1995

[Signed] Khieu Samphan, prime minister and minister of the National Army of the PGNUNS

Indonesia

Permanent Representative Office in Havana Reopens

BK1912153395 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 19 Dec 95

[FBIS Translated Text] Indonesia is reopening its permanent representative office in Havana considering that the Cuban Government has changed its attitude toward the country. In the beginning, Cuba opposed Indonesia on the issue of East Timor but now it is in favor of Indonesia after bilateral relations between the countries have been stepped up.

Foreign Minister Ali Alatas said this in Jakarta today when he addressed a ceremony marking the appointment of Aruman as Indonesia's charge d'affaires in Havana.

He said that the latest development in Cuba's position on the issue of East Timor indicates a favorable position for Indonesia and in addition, bilateral relations between Cuba and Indonesia have become increasingly intensive as fellow members of the Nonaligned Movement.

Alatas said at the 49th meeting on the United Nations Commission on Human Rights in Geneva in 1993 that Cuba showed a pro-Indonesia attitude and Indonesia warmly welcomed this. Indonesia hopes that Cuba's favorable attitude will be manifested at other international forums.

Human Rights Linked to Political Reform

BK2012125195 Jakarta THE JAKARTA POST in English 14 Dec 95 p 2

[FBIS Transcribed Text] Depok, West Java (JP) — Human rights campaigner Marzuki Darusman said yesterday that increased respect for human rights requires political reform.

"The question of protecting human rights is also a question of political reform," said Marzuki, a former legislator and a leading member of the National Commission on Human Rights.

Speaking at a discussion held by the University of Indonesia's School of Letters, Marzuki evaluated the stages and various obstacles the campaign for human rights faces.

Marzuki said the biggest problem is a "poor political life" dominated by a political elite.

"A skewed political atmosphere and any domination by political economic or social powers is very susceptible to human rights violations," he said.

Reform is needed to correct the situation, he said.

"Protecting human rights can succeed if there is political reform; if the House of Representatives, the People's Consultative Assembly, and even public opinion function well," he said.

Political reform does not mean "political system replacement," he pointed out. The current political system based on the state-ideology Pancasila and the 1945 Constitution, should be maintained, he said.

"This stance must be universal for us to have productive talks, especially with the Armed Forces," he said.

He described political reform as a process to improve the function of all institutions, and to correct shortcomings like the power structure.

"We should prevent the domination of any condition, belief, individual or group over the other members of society," he said.

Obstacles

Marzuki identified three other obstacles to "a common standard of achievement" for protecting human rights.

The first is the continuous but futile, debates about "universal versus local" concepts of human rights, he said.

Problems emerge when the state apparatus cannot agree on whether to uphold the universal or the Indonesian concept of human rights, he said.

Another problem is that international scrutiny of Indonesia's human rights campaign often fails to consider the social, cultural and political situation, he said.

The final obstacle is "basic ignorance about human rights, by both individuals and society."

Marzuki said the establishment of the commission in 1993 proves reform is taking place.

The discussion also featured social observer Ariel Heryanto from the Satya Wacana Christian University in Salatiga, Central Java, and philosopher F.X. Muji Sutrisno.

Ariel disagreed with Marzuki and said that although the commission is considered "more independent" than other government-sponsored bodies, its activists "cannot do more than talk."

"More independent to do what? To speak, of course. Nothing more than that. Nothing more than what other activists who have not been appointed by the head of state have done," Ariel said.

Ariel said the commission members "have given the maximum contribution they can give within the existing limitations."

"The commission can only bring about real changes in society if there are other institutions with the authority and passion to translate the commission's contribution into more binding, formal policies," he said.

Ariel, who is known for his critical writing, said yesterday that "the main violator of human rights in the history of humankind has been the social institution called the State."

Laos

Khamtai, Somsavat Return From ASEAN Meeting

BK1712073295 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 16 Dec 95

[FBIS Translated Text] His Excellency [H.E.] Prime Minister Khamtai Siphandon arrived in Vientiane this

morning after attending a meeting of the heads of government of the ASEAN member countries and heads of the governments of Laos, Cambodia, and Myanmar [Burma] in Bangkok.

Upon arriving in Vientiane, H.E. Somsavat Lengsavat, foreign affairs minister, granted an interview to the Lao media, saying: at the historic meeting, H.E. Prime Minister Khamtai Siphandon, together with leaders of the 10 Southeast Asian countries, was granted an audience with His Majesty [H.M.] the King of Thailand. During the audience, the Lao prime minister informed H.M. the King of the progress in the development of ties between the two countries. He also informed the King of certain remaining problems between Laos and Thailand.

H.E. Somsavat Lengsavat stressed that during the meeting with the heads of government of the ASEAN nations, H.E. the prime minister of Laos expressed the views of the Lao People's Democratic Republic [LPDR] toward the current regional and international situations and on ties and cooperation between Laos and ASEAN. The prime minister reiterated the LPDR's unwavering desire to become an ASEAN member. He pointed out that the LPDR has made necessary preparations to join ASEAN. He expressed hope that the ASEAN countries and all its friends will continue to render cooperation and support to Laos in making such preparations.

As for ASEAN countries, they issued a statement reiterating their readiness to provide support and cooperation to Laos as well as Cambodia and Vietnam in their preparations to become ASEAN members. In addition, some ASEAN leaders have also expressed initiatives, for example, the prime minister of Malaysia who tabled an initiative to promote cooperation between ASEAN and the countries of the Mekong river basin. The Malaysian prime minister proposed that a railway line be built from Singapore to Kuala Lumpur and Bangkok to Kunming in the PRC.

H.E. the foreign affairs minister added that during the meeting, H.E. Prime Minister Khamtai Siphandon also joined with the heads of government of the 10 Southeast Asian countries in signing the Southeast Asia Nuclear Weapons-Free Zone Treaty aimed at turning this region into a nuclear-free zone. At the same time, H.E. the prime minister also took the opportunity to hold separate meetings with his counterparts to inform them of the restructuring policy and achievements of Laos recent achievements in socioeconomic development.

Philippines

Two More Pakistani Suspects Surrender

BK1912120195 Hong Kong AFP in English
1147 GMT 19 Dec 95

[FBIS Transcribed Excerpt] Manila, Dec 19 (AFP) — Two more suspected Pakistani terrorists surrendered to the police Tuesday but denied any ties to an international terrorist ring allegedly planning to sabotage the APEC [Asia-Pacific Economic Cooperation] meeting here next year, sources said.

Mohammad Ahmed, 30, and Ishtiq Ahmad, 24, presented themselves at the Criminal Investigation Command headquarters in Manila, said the sources, who requested anonymity.

Police earlier claimed they had ties to a group of seven Pakistanis arrested in two separate raids in Bulacan province just north of Manila and in the capital on Saturday and Sunday.

Ahmed is a cousin of Mohammad Nubin Khan, who was one of the two Pakistanis arrested in Manila on Sunday.

Five of the arrested Pakistanis were charged before the Justice Department on Monday with illegal possession of explosives after policemen confiscated a hand grenade, a dynamite stick, detonating cord and two powerful C4-type bombs from their hideout.

Authorities are still determining what charges would be filed against the other four. All nine Pakistanis have denied terrorist involvement.

But police sources said they were investigating reports the Pakistanis are part of an international ring planning to sabotage the Asia-Pacific Economic Cooperation (APEC) forum summit, hosted by the Philippines in November 1996. [passage omitted]

Further on Surrender

BK2012012695 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 19 Dec 95

[FBIS Translated Text] Two Pakistani nationals suspected of being members of an international terrorist group that is being hunted by the police, voluntarily surrendered to the police Criminal Investigation Command in Camp Crame. The two were identified as Ishtiq Ahmad and Mohammad Ahmed Khan. The two admitted that the seven Pakistanis earlier arrested by the authorities are their friends. Five of them have been charged with illegal possession of explosives, while the two others are still under investigation.

Ahmad and Khan strongly denied that they are members of the Muhajir Qaumi Movement, or MQM, a terrorist group based in Pakistan. The two revealed that they emerged after reading their names in the newspapers and learning that they were being hunted by the authorities.

Abu Sayyaf Group To Launch 'Killing Spree'

*BK2012102795 Manila BUSINESS WORLD
in English 15 Dec 95 p 12*

[Report by Sandra S. Aguinaldo]

[FBIS Transcribed Text] The extremist group Abu Sayyaf is set to embark on a Metro Manila killing spree, a suspected terrorist yesterday declared.

Interviewed somewhere in Metro Manila, the self-confessed Abu Sayyaf member said the terrorist group is out to bomb 14 government and commercial establishments and assassinate 11 officials, including President Ramos, Local Government Secretary Rafael Alunan, police chief Recaredo Sarmiento and Armed Forces chief Gen. Arturo Enrile.

Philippine National Police (PNP) spokesman Senior Supt. Arturo Lumibao declined to comment and told BUSINESS WORLD "we are still verifying the source of that information. These may be just normal threats that we get."

He questioned the veracity of the source and said that the PNP has been receiving intelligence reports on Abu Sayyaf terror threats. This, however, is the first time specifics have been mentioned, he added.

The Abu Sayyaf member said the terrorist attacks are intended to avenge the conviction of international terrorist Ramzi Ahmad Yusuf and the arrest of a supporter, Wali Khan Amin Shah, by the U.S. Federal Bureau of Investigation (FBI) last Tuesday.

Messrs. Yusuf and Shah were reportedly in the country last January to carry out a plot to assassinate Pope John Paul II among other terrorist acts. They allegedly enlisted the Abu Sayyaf's support but the plan was foiled when the PNP raided their Manila apartment.

The extremist said Mr. Shah's arrest has not affected the activities of local and foreign terrorists because a certain Aldemar Quantari, said to be an Afghan explosives and surveillance expert, has taken his place.

He said Mr. Quantari and an Omar Mahmud, a terrorist training commander, met in Manila recently to review their plans. He added that Mr. Mahmud was responsible for an 18-month training of 48 Abu Sayyaf members in Afghanistan which ended last August.

Some 140 extremists, divided in seven groups, are reportedly roaming Metro Manila in preparation for the attacks. Named as the groups' overall leader was one Samsudin Naim while a certain Mola Force was named head of the liquidation squad.

"The threat is for real," the extremist said.

The January raid had the PNP recovering items such as chemicals used in making explosives and a laptop computer containing a plan to sow terror not only in the Philippines but also in the United States.

The computer also contained the names and pictures of three persons, including that of Mr. Shah, who was arrested by the FBI on charges he was involved in an aborted scheme to bomb 11 U.S. airliners.

"Shah's arrest will not affect the support the Abu Sayyaf has been getting from their foreign connections," the Abu Sayyaf member said.

Mr. Yusuf was earlier convicted for the bombing of the New York World Trade Center in 1993. During his trial in the United States, it was revealed that the terrorist also had plans of assassinating Mr. Ramos.

Troops Foil Attempt To Attack Zamboanga Town

*BK2012110395 Quezon City MALAYA in English
15 Dec 95 pp 1, 6*

[Report by Al Jacinto]

[FBIS Transcribed Text] Zamboanga City — An attack by the Abu Sayyaf on the coastal town of Kabasalan, Zamboanga del Sur, was foiled Saturday by soldiers and policemen.

Kabasalan police chief David Bragado said the troops from the 102nd Infantry Brigade and the 4th Provincial Police Mobile Force Company, backed by tanks and armored personnel carriers, took up positions at the coast upon learning of the planned attack.

Bragado said the terrorists, placed at 100 men on board local outriggers, were sailing up the Kabasalan River when they espied the government troops.

Intelligence reports also said the towns of Naga and Salug have been frequented by Abu Sayyaf members the past months.

Kabasalan is 30 kilometers from Ipil which was razed in an Abu Sayyaf attack early this year.

In Sarangani Province, elements of the Army's 601st Brigade and the PNP [Philippine National Police] regional mobile force have launched operations to flush out some 70 Abu Sayyaf guerrillas reportedly holed out

in Sitio [village district] Puago, Barangay [village] Datu Dani, Kiamba Town.

The guerrillas were reportedly responsible for the abduction and killing of two tricycle drivers and the massacre of three Christian villagers last month.

Supt. Benhur Mongao, deputy police director for Sarangani, said Kiamba Mayor Jose Pimentel and Sarangani provincial board member Ramon Falgui earlier received kidnap threats from the Abu Sayyaf after they had requested the deployment of military troops in areas considered threatened by Muslim terrorists.

In Zamboanga City, visiting Japanese Embassy officials told reporters Japanese business investors are reluctant to inject capital into Western Mindanao because of the threats posed by the Abu Sayyaf and the spate of kidnappings in the region.

Thailand

Malaysia Seizes Three Fishing Trawlers

BK2012101695 Bangkok THE NATION in English
20 Dec 95 p A 2

[Unattributed report]

[FBIS Transcribed Text] Three Thai trawlers were captured and impounded on Sunday by the Malaysian navy while passing through a Malaysian economic zone on their way to Indonesia, the boat's owners complained yesterday.

The incident, which is expected to draw protests from Thai fishermen and boat owners, follows last month's killing of two Thai fishermen by the Malaysian navy.

The three boats were seized at 6 pm on Sunday at virtually the same spot where the T Lakhana 14 boat was fired on and captured last month, said Siteng Phuriphatphan, owner of one of the boats.

Siteng said his boat was worth Bt[baht] 2 million and carried a crew of nine.

The owners learned of the seizure through radio communications from a trawler that was in the vicinity when the incident occurred, he said.

The owners contended that the Thai trawlers were sailing through international waters when they were seized.

The Malaysian authorities said the boats were spotted catching fish by navy patrol boats.

The shooting and seizure of the T Lakhana 14 last month led to a series of protests by Thai fishermen. They demanded that the Thai government should step in to save them from the Malaysian "bullies".

The protesters threatened — but failed — to meet Malaysian Prime Minister Mahathir Mohamed during the Asian summit in Bangkok earlier this month. During talks with Prime Minister Banhan Sinlapacha, Mahathir promised to consider setting up a joint commission to oversee disputes over the economic zones of the two countries.

Prathuang Thippayanat, president of Pak Phanang Fishery Association, said he feared the latest incident would create fresh problems for the two countries.

"The seizure shows Malaysia is not a true friend of Thailand," Prathuang said.

"They always bully the Thai fishermen. Our association will ask the government to urgently consider our problems."

He said the association would appeal to Songkhla Naval Base and the Agriculture Ministry.

Fined for Illegal Fishing

BK2012083495 Bangkok Radio Thailand Network
in Thai 0530 GMT 20 Dec 95

[FBIS Translated Text] Dusit Chantasena, the Thai consul general to Kota Baharu, Malaysia, spoke to reporters about the detention of three Thai trawlers by the Malaysian authorities on 18 December. He said the detention of the Thai trawlers and fishing crew took place in international waters adjoining Malaysia, an area passable by Thai fishing boats. The reason the Malaysian officials captured them was that Malaysian officials found fish in the Thai trawlers. According to Malaysian law, they were thus regarded as having illicitly caught fish in Malaysian territorial waters.

A Malaysian court has fined the three trawlers and fishing crews. The owner of each boat must pay 4 million baht and each crew member 1 million baht. At present, all of them are being detained in Malaysia. The court ordered the seizure of all three boats. Regarding assistance for the Thai fishing crew, further talks will be held by the national leaders.

Suspected PULO Gunmen Attack Army Outpost

BK2012091995 Bangkok BANGKOK POST
in English 20 Dec 95 p 7

[Unattributed report]

[FBIS Transcribed Text] Pattani — Gunmen believed to be members of the outlawed Pattani United Liberation Organisation (PULO) attacked an army outpost in Tambon Tha Nam, Panare District, on Sunday night.

The group opened fire with automatic rifles on the base, which was manned by about ten soldiers who were sleeping at the time. They then quickly retreated into the jungle, leaving behind a letter written in the Yawi dialect, threatening to torch government offices and kidnap teachers.

None of the soldiers were wounded in the incident.

In another development, a member of the Barisan Revolusi Nasional (BRN) and her 6 year-old son yesterday surrendered to Yala Governor Chuchat Phunsiri.

Habeeba Daemor, 22 brought her child, Moohamhad, to the provincial hall, saying she had been with the outlawed group since 1988.

During her stay with the group, she was married to Asaha Jaewo, a brother of BRN leader Por Layoo.

Government To File Lawsuit Against Reporter

*BK2012100695 Bangkok THE NATION in English
20 Dec 95 p A 1, 3*

[Unattributed report]

[FBIS Transcribed Text] Thailand will file a lawsuit in England against a Swedish journalist who accused a Swedish defence firm of bribing either Prime Minister Banharn Sinlapa-acha or his Chat Thai Party to help it win a submarine contract, Foreign Minister Kasemsamoson Kasemsi said yesterday.

He said a lawsuit could be filed against Henrik Westander, a peace activist with the Stockholm-based Swedish Peace and Arbitration Society, and the Swedish daily DAGENS NYHETER in any country where the paper was sold, and England was one such place.

Filing a suit against Henrik Westander and the daily in Sweden could be a slow process, Kasemsamoson added.

"We have the means to file a lawsuit against the writer of the article and the newspaper. We could do so in Sweden, but the process could be slow. Or we could file a suit in England. We can only sue where the paper is sold," he said.

Kasemsamoson said the Foreign Ministry had sent a cable, quite some time ago, to the Swedish Foreign Ministry asking for cooperation in finding the truth about the allegations, but had not yet received a reply.

He added that he believed the Swedish Government must have come up with some information because it had already established an investigation committee to look into the details of the allegations.

He said he did not know much about money transfers and that the matter should be raised with the Bank of Thailand.

Kasemsamoson said he would try to testify before the House committee on foreign affairs tomorrow but admitted that there were still many details which he was unfamiliar with, such as the defence purchasing process.

Det Bunlong, secretary to the prime minister, said he did not know about a call by the House committee for Banharn to testify about the alleged bribery. He said Banharn would be engaged with a royal function and did not know if he would be asked to represent the premier at the hearing.

Banharn said yesterday that he might not attend the hearing.

"I may be busy and I have already explained everything," Banharn said.

The prime minister declined to elaborate on his earlier statement that he knew who was behind the bribery allegations.

"Why don't you expose the one you said you know is behind this controversy?" Banharn was asked by a reporter after the Cabinet meeting.

"I know but I can't say it now. I need to verify the information first," the prime minister replied.

He declined to respond when asked whether "the one" was a leading government politician.

Meanwhile, Navy Commander in Chief Adm Prachet Siridet reiterated his belief that the bribery allegations had been politically motivated.

Prachet said the Navy had nothing to do with the allegations because it had been strictly adhering to "transparent" procedures for acquiring the submarines.

"National defence and military affairs must remain separate from the issues of political parties and the coalition government's stability," Prachet said.

Prachet said he would write an article to explain to the public why the Navy needed to buy the submarines.

The Navy has repeatedly claimed that having submarines would make its maritime territorial defence complete and effective. However, critics have said the Gulf of Thailand is too shallow for hiding submarines from enemies.

Economic Office Offers Predictions for 1996

*BK2012103695 Bangkok THAILAND TIMES
in English 20 Dec 95 p 1*

[Unattributed report]

[FBIS Transcribed Text] Bangkok — Thailand's economic growth in 1996 is expected to drop slightly from

8.6 percent in 1995 to 8.5. Inflation rate will also decline from 5.8 to 5.2 percent, the National Economic and Social Development Board [NESDB] announced yesterday.

Wirat Wattanasiritham, NESDB deputy secretary general said the current account deficit will decrease from 7.3 percent in 1995 to 7.0 in 1996 and the trade deficit will increase from 8.3 percent of the gross domestic product (GDP) to 8.9.

"Even though economic growth will slow down, its overall position will be more stable since the government has strict monetary measures and the world oil price is also expected to decrease," he said.

The agriculture and construction sectors will grow whereas growth of the service industry will slow down due to decreasing export volume.

The export value in 1996 is expected to grow by 18 percent to 1.6 trillion baht which is much lower than 22.5 percent in 1995.

The major factors enhancing economic growth in 1996 are investments of both government and private sectors and the increasing revenue from the tourism industry.

Investment in the government is expected to increase by 17 percent and the private sector by 11 percent.

Investment growth is higher due to the increasing industrial production capacity and investment in various large infrastructure projects such as the elevated electric trains and the expressway construction.

More tourists are expected to visit Thailand since many events will be held next year including the celebration for 50th anniversary of His Majesty the King's ascension to the throne and the Asia-Europe Meeting.

The Bangkok Bank Plc (BBL) on Monday predicted that the economic growth in 1996 will be 8.1 percent and the major factors stimulating the economy are the investments in large infrastructure projects and the much greater investment spending by the government.

BBL also forecast that the current account deficit is expected to climb to 360 billion baht or 7.8 percent of GDP.

Following the decreasing economic growth, the inflation in 1996 is expected by BBL to be 5.1 percent.

Economic growth in 1995, Wirat said, will be 8.6 percent which is lower than 8.7 in 1994. The growth in the industrial sector increased whereas in agriculture, construction and services slowed down.

The growth slows down was due to the delayed spending of the fiscal budget and the floods in many provinces during July to November.

"The flood caused the growth in the agricultural sector to decrease from the expected figure of 3.5 percent to only 3. It also makes public spending, especially the flood victims, decrease," Wirat said.

Wirat said the bearish trading in the stock market also makes the economic growth slow down.

The major factors boosting economic growth in 1995 are the increasing export volume and private investments.

Wirat said the major problems in 1995 are the rising current account deficit and inflation.

Inflation is expected to be 5.8 percent which is higher than 5.1 in 1994 whereas the current account deficit will be 7.3 percent, much higher than 5.6 in 1994.

Cabinet Considering Boosting Antidrug Agency

*BK1712145095 Bangkok THE SUNDAY POST
in English 17 Dec 95 p 3*

[Unattributed report]

[FBIS Transcribed Text] The powers of the Office of Narcotics Control Board [ONCB] will be increased if a proposal by Gen Chawalit Yongchaiyut is approved.

The proposal is expected to be submitted for Cabinet approval on Tuesday.

Deputy Prime Minister Gen Chawalit, chairman of the ONCB, wants the ONCB to have more authority, including powers:

- To provide legal protection to drug prevention and suppression officers even after they retire if they are charged with malfeasance.

- To approve orders to transfer and appoint officials

- To consider rewarding officers whose performance is distinctive.

- To contact government agencies if officials attached to them are found to have violated the government's drugs prevention and suppression policy.

Secretary-General of the Office of the Civil Service Commission Udon Bunprakop and Prime Minister Banhan Sinlapa-acha in his capacity as interior minister agreed with many of the ideas in principle, a source said.

As for the ONCB approving the transfer and appointment of officials, Mr Udon suggested the ONCB considers the matter with authorized persons from the respective agencies.

Gen Chawalit believes the increase in the authority of the board will help improve officials' performance in the wake of widespread use of drugs in schools.

He put forward his ideas after Prime Minister Banhan Sinlapa-acha told officials from the Police Department, Office of the Narcotics Control Board and the Education Ministry to be more attentive to the suppression of drugs in schools.

Vietnam

Le Duc Anh Welcomes Malaysian King, Queen

BK1912161095 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 19 Dec 95

[Report by unidentified station correspondent]

[FBIS Translated Text] Dear friends, at the invitation of State President Le Duc Anh and his wife, the King of Malaysia Tuanku Ja'afar and Queen Tuanku Najihah arrived in Hanoi this afternoon for an official friendship visit to Vietnam. Accompanying the Malaysian King were ministers of various ministries, high-ranking officials, and members of the royal family.

A large group of people of Hanoi lined up Presidential Square to welcome the distinguished Malaysian guests.

President Le Duc Anh and his wife warmly welcomed the Malaysian king and queen when their motorcade arrived at the Presidential Palace. Also on hand to welcome the Malaysian king were Deputy Prime Minister Tran Duc Luong, Foreign Minister Nguyen Manh Cam, and Nguyen Viet Dung, head of the Presidential Office.

After the military band played the national anthems of the two countries, President Le Duc Anh invited King Tuanku Ja'afar to review the honor guard. President Le Duc Anh introduced Vietnamese high-ranking officials to the Malaysian king.

After the welcoming ceremony, President Le Duc Anh and his wife held a cordial reception in honor of the king and queen of Malaysia. At the reception, President Le Duc Anh said:

[Begin Le Duc Anh recording] On behalf of the SRV, the Vietnamese Government, and people, I warmly welcome the official friendship visit to Vietnam by the king and queen of Malaysia. I am sure that this visit will help strengthen the traditional friendship between our two peoples and promote cooperation between our two nations. [end recording]

In his reply, King Tuanku Ja'afar said:

[Begin King Tuanku Ja'afar recording] His Excellency the President, first of all, I would like to say that I am very pleased to have the chance to visit Hanoi and

other places in Vietnam. I would like to thank His Excellency the President, the Vietnamese Government, and the people for their warm welcome extended to me and my delegation. This is my first visit to Vietnam and I am looking forward to visiting your country. Vietnam had undergone a period of difficulty and hardship, and is now recording great economic achievements. Vietnam is a beautiful country with many scenic places, but we regret that we do not have enough time to visit all these places. Nevertheless, we are very pleased to learn that arrangements have been made for us to visit various places in Hanoi and Ho Chi Minh City. [end recording]

Dear friends, as countries in Southeast Asia and members of ASEAN and the Nonaligned Movement, Malaysia and Vietnam share many similar features in their history and culture. Malaysia and Vietnam have enjoyed time-honored relations and conditions are now available for strengthening and developing this relationship. Two-way trade between Malaysia and Vietnam increased from \$20 million to \$274 million during the past 10 years. At present, Malaysia has 45 projects in Vietnam with a total capital of \$668 million. Malaysia ranks eighth among more than 50 countries investing in Vietnam. Against the background of encouraged changes in the region and the world, the visit to Vietnam by the Malaysian king and queen is a significant event in the relations of friendship and cooperation between the two nations.

Dear friends, Prime Minister Vo Van Kiet this afternoon paid a courtesy call on the Malaysian king and queen at the Presidential Palace in Hanoi.

Daily Welcomes Malaysian Royal Couple's Visit

BK1912135595 Hanoi VNA in English 1211 GMT 19 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 19. — The national daily NHAN DAN today runs a frontpage editorial welcoming a four-day official visit to Vietnam beginning today by His Majesty Yang Di-Pertuan Agong Tuanku Jaafar Ibni Almarhum Tuanku Abdul Rahman and Queen Raja Permaisuri Agong of Malaysia.

"This is the first visit by the Malaysian royal couple since the two countries established diplomatic ties in 1973", the paper says, noting that over the past few years, Vietnam and Malaysia have exchanged various high-level visits. Vietnamese party leader Do Muoi and President Le Duc Anh's visits to Malaysia and the Vietnam visits by Malaysian Prime Minister Mahathir Mohamad and by the general secretary of the ruling United Malays National Organisation (UMNO) were landmarks in the close relations of friendship and cooperation between the two neighbouring countries.

NHAN DAN adds: "This visit by the head of the Malaysian state which proceeds after Vietnamese President Le Duc Anh's visit to the Philippines, the Vietnam visit by Cambodian King Norodom Sihanouk and the fifth ASEAN Bangkok summit, is another demonstration of the desire and resolve of Vietnam, Malaysia and other regional nations to build Southeast Asia into a zone of peace, stability, friendship and cooperation striving for development and prosperity".

The paper stresses "many bilateral cooperation agreements have been effectively realised. Two-way trade has broadened to total turnover of USD20 million in 1985, and USD274 million last year. In the first half of 1995, bilateral trade stood at USD150 million. Malaysia now has 45 projects capitalised at USD668 million, ranking eighth among over 50 foreign investors in Vietnam. Both countries have immense potential for stronger cooperation in many areas".

Workers Strike at South Korean Shoe Factory

*BK2012045695 Hong Kong AFP in English
0430 GMT 20 Dec 95*

[FBIS Transcribed Text] Hanoi, Dec 2 (AFP) — Around 100 workers at a South Korean shoe factory in Vietnam staged a strike last week in protest at low wages in the latest incident of industrial unrest, a report said Wednesday.

Workers at the Delta Shoes factory in the southern province of Song Be went on strike to protest wages as low as 400,000 dong (36 dollars) a month including payments for overtime and for working on Sundays, the Lao Dong newspaper reported.

The strikers complained of excessive overtime demands and the refusal of the company to pay double time on Sunday as required by law, the labour union newspaper said.

The newspaper, a vocal critic of labour abuses, accused the company of refusing to sign labour contracts with its 600 workers and of hindering the establishment of a trade union.

South Korean companies have developed a poor reputation in Vietnam for labour disputes with a growing number of strikes in garment and shoe factories relocated to Vietnam to take advantage of its low wages.

Vietnamese press reports have accused South Korean managers of abusing workers, paying less than the minimum wage and hindering the development of unions that are required under law.

The introduction of a labour code at the beginning of this year has seemed to do little to reduce the number of disputes because mechanisms to resolve issues have not yet been developed.

Most of the strikes have been in foreign firms in the south of the country, according to the Ministry of Labour, War Invalids and Social Affairs.

Only 100 strikes have been reported in Vietnam since 1989, with half in foreign joint ventures and the remainder mostly in Vietnamese state firms. At least 20 strikes were reported in the first six months of the year.

Song Be province outside Ho Chi Minh City — an area that has attracted large amounts of investment in light manufacturing — has seen a growing number of industrial disputes.

NHAN DAN Marks 20th Anniversary of Battle

*BK2012105695 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 18 Dec 95*

[FBIS Translated Text] Dear friends: Exactly 20 years ago, our northern army and people fought very well and won a great victory. They foiled the strategic American air raids by B-52 bombers on Hanoi, Haiphong, and a number of localities in the north of our country.

To mark this historic anniversary, various newspapers today published articles featuring the many exploits of the Dien Bien Phu aerial battle.

A document carried in NHAN DAN says that during the 12-day period, from 18-29 December 1972, our army and people shot down 81 U.S. aircraft, including 34 B-52 bombers and five F-111 jet fighters. Many crashed before our very eyes.

The army and people of Hanoi recorded a huge battle feat by shooting down 25 B-52 bombers.

The rocket corps also contributed to the common victory by downing 30 B-52 bombers.

The antiaircraft self-defense forces contributed duly to the common victory by downing 11 enemy aircraft.

With this heavy defeat, on 30 December 1972 the U.S. Government was forced to stop bombing the north from the 20th parallel northward. It then proposed to meet with our government representatives to discuss the signing of the Paris agreement to end the war and restore peace in Vietnam. U.S. troops were finally forced to withdraw for home.

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